

May 2020

Summer 2020 Federal COVID Priorities for Michigan Children, Youth, Families

Due to the particularly acute effects of the pandemic and economic crisis, Michigan state revenue losses for the 2020 and 2021 fiscal years are projected in the billions. After two decades of flat general fund revenue growth, Michigan cannot make further cuts without undermining health care access, essential child and family services, and educational and workforce training for youth facing challenges, let alone make increased investments to meet additional needs recently surfaced. Direct federal aid is necessary for Michigan to continue to provide for the health, safety, and well-being of its children, youth, and families.

Current status: The House has released a \$2 trillion HEROES Act bill, and the Senate is drafting its own. Michigan's Congressional delegation must prioritize the following areas of support:

- Maintain investments for state and local governments who are facing immediate and longer-term financial crises as a result of the pandemic.
- Continue to focus investment on the K-12 system, but ensure investments are targeted toward learners most at risk of having fallen further behind their peers during this crisis, and those who will face the most challenges recovering.
- Maintain significant investments in youth and families through direct payments, the tax system, and programs that serve those facing the most significant economic barriers.
- Support increased investments in adult skill building programs. Low skilled young adults and those supporting families have been the first to suffer economically and demand for these programs will increase.
- Support increased investments in child abuse and neglect prevention and intervention, with specific focus on preserving family stability, supporting relative caregivers and improving outcomes for youth involved in foster care.
- Ensure that parents and caregivers have access to child care when they return to work by providing direct funding to child care providers, and that parents at home can access virtual home visiting programs for one-on-one help with issues they're facing.
- Provide adequate investments in broadband, hardware and software to help maintain services for children, youth and families during the pandemic and improve service provision following it.

Specific provisions of the proposal and what it fails to include follow:

Direct Financial Supports for State and Local Governments

Critical public services offered by nonprofit and public agencies, as well as supports for those agencies themselves, cannot continue without federal aid for state and local governments. In addition, any decrease in the state match required for many critical federal programs supporting health and child welfare services governed by Michigan's Federal Medicaid Assistance Percentage (FMAP) rate are also helpful to struggling state and local resource needs.

Proposed HEROES Act includes:

- *\$500 billion in funding to assist state governments, awarded based on COVID-19 cases, state population and unemployment rates, and some awarded equally among all states. If passed, Michigan is expected to receive \$7.3 billion dollars for the current fiscal year, and \$7.0 billion for the upcoming fiscal year.*
- *\$375 billion in funding to assist local governments, awarded to municipalities based on a modified Community Development Block Grant formula, and by size of municipality and awarded to counties and tribal governments based on population.*
- *FMAP increase of 14 percentage points, including the 6.2% increase passed in the March 2020 Families First bill.*
- *Increases the federal payments to state Medicaid programs by an additional 10% to strengthen the home- and community-based services benefit.*

Additional Education Investment for Michigan Students Who Need the Most Support

Some students have to catch up with peers who even before the crisis were better-positioned to take advantage of online learning and learning resources in their homes and communities.

Proposed HEROES Act Includes:

- *\$58 billion to states for K-12, \$27 billion for higher ed, and a discretionary \$4 billion fund.*
- *\$518 million for grants for youth workforce development activities, including supportive services, summer employment, and remote access to training.*

What's Missing: In other economic downturns, increased investment was made to support specific vulnerable populations. Due to the many pressures facing state appropriators and local districts, Michigan will likely not be able to provide high-quality supports to learners most at risk of falling behind without dedicated, additional federal resources for the following programs:

- High-quality afterschool and summer learning opportunities through 21st Century Community Learning Centers.
- Access to integrated student supports, including physical and mental health, through ESSA Title IV.
- IDEA Part C *Early On* services for infants and toddlers and COVID response supports for Part B services for those students missing service access required through IEPs.

- Postsecondary transition services for youth with IEPs or 504 plans via IDEA and WIOA.
- Coordination with other agencies including through McKinney Vento and appropriate Health and Human Services titles for youth in foster care and juvenile justice.
- Funding for YouthBuild, Job Corps, expanded apprenticeships and other transition services for youth as outlined in the introduced Rebuilding America's Workforce Act.

Basic Needs for Young People and Families

The economic crisis has left many young people and families without access to income in the short-term, and has exposed the fact that many working families and young people had access to few resources during more normal times. Cash is necessary for all families who are struggling to meet their and their children's basic needs, both through emergency pandemic increases and through expansions to existing tax benefits.

Proposed HEROES Act includes:

- As much as \$1,200 in direct payments for each individual and up to three dependents and expands dependents eligible for the \$500 per child payment.
- Extends the \$600 per week Federal Pandemic Unemployment Compensation (FPUC) supplement and the Pandemic Unemployment Assistance (PUA) through Jan. 31, 2021, and requires disregard of that income for other benefit eligibility. Provides funding for COBRA for families losing health insurance due to unemployment
- Expands the age requirements and nearly triples the amount of the Earned Income Tax Credit (EITC) for workers without children to 19 (18 for homeless young people or those experiencing foster care) and through 65 in 2020. Full-time students could claim the credit beginning at age 25. Allows individuals with children without Social Security numbers to claim the childless EITC, and allows all taxpayers to substitute their 2019 income when determining eligibility for the 2020 tax year.
- Makes the Child Care Tax Credit fully rather than partially refundable in 2020, increases the amount of the credit and allows claiming 17 year olds.
- Makes the Dependent Care Tax Credit refundable, doubles the maximum credit amount and allowable percent of expenses, and increases the income threshold for 2020.
- Provides adjustments in other credits including the Self-Employed Credit. Extends credit for paid sick and family leave through the end of 2021. Increases limits for the credit and timeframe of coverage for self-employed caregivers. Expands the deduction for employee expenses.
- \$1.5 billion for the Low-Income Home Energy Assistance Program (LIHEAP) and \$1.5 billion to support paying water bills for low-income families.
- Temporarily suspends penalties for inability to pay child support temporarily as well as federal work participation rate requirements and federal time limit for cash assistance.
- Expansions in food assistance programs, including: increased funding and expanded purchasing options for SNAP and WIC; waived work requirements and time limits for SNAP; \$150 million for the Emergency Food Assistance Program to food banks; \$3

billion for the Child and Adult Care Food Program; and extends the Pandemic EBT program into 2020 and 2021 until schools decide to reopen.

- Increased funding for a variety of programs supporting housing needs for owners and renters. Provides \$11.5 billion for Emergency Solutions Grants and \$10 billion for Housing Choice Vouchers, supporting people experiencing or at risk of homelessness.

What's Missing: Longer timeframes beyond the 2020 tax year should be considered for many of the tax credit changes and other provisions, as young adults and families will face limited employment opportunities well into 2021.

Parent Skill Building and Family Literacy

Specific resources are necessary for maintenance and expansion of adult education and family literacy programs through WIOA and federal CTE programs. Parents participating in or eligible for adult basic education, GED and other high school completion programs are most adversely affected in the current crisis because they lack key foundational literacy skills and the educational attainment to leverage new resources in these changing times. Any decrease in funding would leave over 25,000 adults and families without the educational skills to succeed and fill high-need, in-demand jobs.

Proposed HEROES Act includes: Some WIOA and adult education-related funding flexibility.

What's Missing: Increased resources to adult skill-building and retraining to meet increased demands. Advocate groups have asked for an investment of \$1 billion in adult education alone and other Rebuilding America's Workforce Act recommended investments.

Support for Child Welfare and Foster Care Increased Costs

With increased family stress exacerbated by high unemployment, close proximity and a lack of service access for children and youth with disabilities, delays or mental and physical health needs, it is unlikely that funding available will be enough to fully support families, including formal and informal relative caregivers, foster and adoptive parents as well as struggling birth families. A comprehensive Dear Colleague letter was circulated recently, and we've attached it here. The range of supports mentioned are all critical:

Proposed HEROES Act includes:

- *\$50 million for family violence prevention and services.*
- *\$20 million for Child Abuse Prevention and Treatment Act State Grants and . \$20 million for Community Based-Child Abuse Prevention Grants.*
- *\$9.6 billion for Emergency Aid and Services through the Social Services Block Grant, which many states including Michigan, utilize for child welfare services.*

- *\$50 million and extension of age limits for services through the John H. Chafee Foster Care Independence Program, and a 30% increase in Education and Training Vouchers, both serving older foster youth. Work requirements in those programs are eliminated.*

What's Missing:

- Funding levels for child welfare programs are far below what is necessary. The levels in the recently introduced Emergency Funding for Child Protection Act come closer to estimated need -- \$500 million in emergency funds for local child protective services and \$1 billion for community-based child abuse prevention programs.
- No funding was included specifically to support relative caregivers, whose importance is becoming clearer through the crisis.
- No funding was included to reinforce court functions for continuing critical hearings, family reunification and other critical services through the Court Improvement Program.

Supports for Families with Young Children

Home-based service providers are anticipating increased need due to family stresses and trauma. As service provision has shifted, maintaining a mixed service delivery system will be necessary in order to continue services to all families. Without adjustments to reimbursement requirements and documentation demands, this will be very difficult. For parents going back to work, especially those who have experienced additional challenges due to the crisis, access to affordable high-quality child care will be necessary, and child care advocates estimate a need of \$50 billion to shore up child care systems around the country.

Proposed HEROES Act Includes:

- *\$100 million home visiting programs and virtual home visiting programs through the Maternal, Infant and Early Childhood Home Visiting (MIECHV) Program.*
- *\$7 billion to the Child Care Development Block Grant.*

What's Missing:

- *Home visiting funding is necessary to support other effective home-based services for young children that are not currently supported through MIECHV funding and clarity about payment options for different types of service provision are critical.*
- *Child care funding is not sufficient to stabilize the full market of Michigan's providers.*
- *Specific investment to improve access to caregivers of children with special needs by building child care provider capacity to provide quality care for these families who in the best of times face barriers to child care access.*
- *Expand access to trained early childhood mental health professionals to act as behavioral consultants for all providers due to the high stress of the current crisis.*

Support for Mental Health and Substance Use Needs

The crisis has been detrimental to many people's mental and behavioral health, creating new issues and exacerbating existing ones, especially for children, youth, and families who were already experiencing instability. Behavioral health providers have estimated a \$38.5 billion need nationwide for access to mental and behavioral health services.

Proposed HEROES Act Includes:

- *\$1.5 billion for the Substance Abuse Prevention and Treatment Block Grant*
- *\$1 billion for the Community Mental Health Services Block Grant*
- *\$100 million for Project AWARE, which includes Mental Health First Aid in schools*
- *\$265 million for emergency response grants for immediate behavioral health needs*

What's Missing: It is unlikely that even these investments combined with an increased FMAP rate will be sufficient to meet our state's need for mental health and substance use services.

Support Runaway and Homeless Youth Dedicated Funding

Michigan's runaway and homeless youth service agencies saw a dramatic increase in need during the last Recession, and are planning for a similar situation soon despite only minimal funding increases recently. These programs need dedicated capacity to respond, including for youth shelters and family services in runaway situations, transitional living programs for youth exiting foster care during a particularly rough economic time, youth-appropriate street outreach, from a funding source that does not take away from funds for other continuum of care supports.

What's Missing: Despite significant investments in rental assistance and Emergency Solutions Grants, the HEROES Act dedicates no funding for runaway and homeless youth services.

Technology Investments for Families

Back initiatives like those being put forth in the Closing the Homework Gap Through Mobile Hotspots Act. These technology investments should help increase short- and longer-term capacity to expand access wherever possible; they must support access for all family members, including adult learners and other home-based service provision; and support local innovations and explore scaling and expansion.

Proposed HEROES Act contains a \$4 billion broadband fund, plus \$1.5 billion for wifi hotspots and devices for students.

For more information about all of the HEROES Act provisions, see the House Leadership's [one-pager](#).