

July 2021

What's Still in Play in the Fiscal Year 2022 Budget

After missing their self-imposed state budget deadline of July 1st, passing budgets only for K-12 schools and higher education, the House and Senate have set their remaining budget priorities for the 2021-22 Fiscal Year. Now, legislative leaders negotiate on their points of difference; and once the Legislature approves a budget, the Governor has the power to veto any spending item.

Your voice right now is critical for influencing remaining decisions that can change the odds for children, youth, and families. A budget must pass by October 1 to avoid a state government shutdown. The Senate is scheduled to meet on July 15 and 31, and the House will only meet on July 14, 15, and 21, with more off-time for both chambers in the first two weeks of August. Then lawmakers will be in Lansing more often until October 1. **There is plenty of time right now to influence your State Senator and Representative on spending items that are still in play:**

Adult Skill-Building: The Senate had included the Executive's proposal of \$120 million in state funds to continue Michigan [Reconnect](#) for the next two years. The program provides scholarships to individuals over the age of 25 seeking an associate degree or Pell-eligible skill. The House budget only retains current-year funding and does not include an increase.

Both the House and Senate also reject the Executive's call for \$39 million in state funds to support existing workers enrolled in the [Futures for Frontliners Program](#) and to expand the program to include workers who were newly employed between November 1, 2020 and January 31, 2021 in industries disproportionately impacted by COVID-19. The House and Senate each rejected \$6 million for student support services including child care for frontline students.

Child Care: A major area of unfinished budget business is the allocation of \$1.4 billion in federal aid for child care. If Michigan does not spend significant child care funds soon, we are at risk of sending funds back to the federal government.

The Executive plan uses these funds to:

- Increase base family income eligibility for a child care subsidy from the current 150% of federal poverty level (FPL) (\$39,300 for a family of four), to 200% (\$52,400 for a family of four), reaching up to 150,000 children; and waive family co-pays through Sept 2022.
- Raise reimbursement rates for all providers by 20%, including paying providers based on enrollment instead of attendance.

- Increase worker pay by issuing \$500 stipends every 3 months for workers, providing signing bonuses for new workers, and expanding T.E.A.C.H. scholarships for child care professionals looking to increase their skills and credentials.
- Create business startup grants; staff family child care networks to support new providers; and establish a contract model to encourage more child care in underserved areas.
- Maintain mental health supports provided by infant and early childhood mental health consultants for children enrolled in child care, but not expand them statewide.

The House and Senate plans include at least parts of different elements of this proposal. The Senate includes funds to raise income eligibility to 160% of federal poverty guidelines, and increase the hourly reimbursement rate for all providers by 15%. The latest House budget provides for a 40% increase in reimbursement rates, and payment to providers by enrollment rather than attendance, but includes no further increases in areas.

Child Welfare Mental Health Settlement: The Senate included half of the Executive proposal for \$91 million in state and federal funds to support behavioral health service access for children in the child welfare system and to implement future policy changes related to the [KB v. Lyon lawsuit agreement](#). The House did not include this measure.

Court-Appointed Special Advocates (CASA): The Senate budget allocated \$500,000 state funds to support the expansion of CASAs to advocate for the best interests of children involved with the child welfare system. The House does not include this provision.

Foster Care Prevention: The Senate budget includes an Executive recommendation for \$9 million in state and federal funds to hire 16 kinship parent support coordinators to help prevent children from being placed in foster care and to keep foster care children in family-like placements. The House budget does not include this provision.

Maternal and Child Health: The Senate budget supports an Executive plan to use \$10 million in state and federal funds to expand [Healthy Moms Healthy Babies](#) maternal and infant health programs, including expanding home visiting programs by 1,000 slots for families with an infant born with substance exposure. The House budget does not include this expansion.

Michigan's Children was pleased to see several provisions included in both the House and Senate budgets that will improve outcomes for children, youth and families across the state. Because they are not points of difference that call for negotiation, they will most likely move to the final FY2022 budget. **These "likely wins" include:**

- \$110 million to continue the temporary \$2 per hour wage increase for direct care workers, including direct care workers hired, contracted, or subcontracted by the state or by Area Agencies on Aging; as well as registered nurses, licensed practical nurses, nursing assistants, and respiratory therapists employed by skilled nursing facilities.

- \$29 million in state and federal funds to phase in the [Raise the Age](#) justice reforms.
- \$5 million for the [Certified Community Behavioral Health Clinics Demonstration Program](#).
- \$5 million in state and federal funds to ensure full funding of the recent expansion of postpartum Medicaid coverage for new mothers from 60 day to 12 months.
- A 12% increase in per diem funds to child welfare agencies serving youth in an independent living situation in the foster care system.
- Language requiring DHHS to develop and implement strategies that use input from CASAs and foster care parents.

However, the FY2022 budget continues to miss other 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:

Kinship Care: The House at an earlier point included budget language establishing both a Kinship Navigator Program and a Kinship Care Advisory Council to provide services for kinship families and to create space in state government for kinship voices to inform work. The Senate plan did not include these proposals, and the most recent House budget removes these as well.

The Senate Majority Leader has required that, if passed, every appointment to this council be approved by a Senate committee. This requirement does not exist across all advisory bodies in state government, and Michigan's Children and our partners constructed the membership guidelines and imperatives for the council to ensure effective and nonpartisan work.

Child Care Socio-Emotional Support Expansion: Neither House nor Senate budget proposes funding for statewide expansion of Michigan's Infant and Early Childhood Mental Health Consultation program, which connects child care providers with mental and behavioral health professionals so providers can build better skills to respond to behavioral concerns in their child care spaces, instead of resorting to expelling a child and upsetting a family's child care situation.

Fostering Futures Scholarship: Both House and Senate budgets preserve but do not expand [Fostering Futures](#) scholarships for youth from foster care. Fostering Futures is funded by TANF revenues, which have strict rules regarding their use, making it difficult for youth to pay for necessary expenses like housing. Replacing TANF revenue with state revenues would immediately increase the value of every Fostering Futures dollar without increasing spending.

Homeless and Runaway Youth: Neither the House nor the Senate recommended increased funding to expand services for runaway and homeless youth (RHY) in every county. RHY agencies in the state have identified \$10 million in need for statewide quality service access.

Housing: The Executive plan proposed \$10 million in federal funds for the [Michigan Housing and Community Development Fund](#), which was created using federal funds after the 2008 Recession to spur new affordable quality housing construction, but whose funds were exhausted in 2012. Neither the Senate nor House budgets include that spending.

Michigan Youth Opportunities Initiative: This program offers services and peer support to youth aging out of the foster care system. Existing funds are adequate to support programs across the state, but additional funds would provide service access to all eligible young people.

Removing Child Care from Caseload Consensus: The “caseload consensus” process makes budget recommendations to state leaders based on projected need. Child care is a major need in our state, but many families do not use Michigan’s child care subsidy due to our system’s poor structure. As a result, the “caseload consensus” artificially depresses the level of child care funds that leaders think they must spend. 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.