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## Michigan Governor's FY24 Budget Proposal: Key Wins and Missed Opportunities for Children, Youth, and Families

Michigan's newly-elected leadership are responsible for deciding how to spend a historic surplus of over \$8 billion. Their choices could change the odds for children, youth, and families who continue to face hardships from years of public health and economic shocks. To kick off the budget-making process, Governor Gretchen Whitmer has issued her recommendations for one-time spending and for the FY2023-24 budget, which will begin on October 1, 2023.

As always, the state budget represents our state's priorities. Over the next few months, the Legislature will identify where members agree and disagree with the Governor's proposals. As details come out, and legislative work begins, Michigan's Children will dig more deeply into our budget priority areas.

To learn more about the budget process, see our [Advocates Guide to the State Budget Process in 2023](#) to help you plan your next steps for advocacy. And to learn more about our budget priorities, stay tuned to our [Budget Basics](#) page for upcoming briefs on individual issues. Here is a first look at how the [Governor's recommendations](#) would impact children, youth and families.

### Key Proposals for Quality Child Care and Early Learning

- \$226 million in School Aid Funds to move the [Great Start Readiness Program \(GSRP\)](#) towards a **"universal" format**, expanding eligibility from 250% of the federal poverty level (FPL) to 300%, increasing the per pupil amount from \$9,150 to \$9,608, increasing slots, providing additional transportation, piloting more classes for 3-year-olds, creating new or expanded programs, and expanding the number of days covered by GSRP.
- \$50 million in School Aid Funds to **grow the early childhood workforce**, including creating a needs assessment, strengthening career pathways, training and credentialing options, and increasing recruitment.
- \$24 million in General Funds for a **refundable income tax credit for early childhood educators** working in a licensed child care setting including child care, preschool, and after school programming. The tax credit will be worth between \$1,000 and \$3,000 based on qualifications and would be adjusted to the Consumer Price Index.
- \$7.5 million increase in School Aid Funds, for a total of \$18.4 million to **Great Start Collaboratives** to help increase enrollment into early childhood programs.
- \$2 million increase in School Aid Funds for **school-based home-visiting programs** for at-risk students.
- A \$900,000 increase in General Funds for the **child care Tri-Share program** which splits the cost of child care equally among the state, a family's employer, and a family.
- **Previous increases for the [Child Development and Care subsidy](#) are maintained**, maintaining eligibility at 200% FPL, paying providers based on enrollment instead of attendance, and continuing an expansion of the [Infant and Early Childhood Mental Health Consultation Program](#).

### What's Missing?

Despite setting aside some funds to expand the Tri-Share pilot program to a few more sites, the Governor recommends no additional child care funding, relying on previously-passed funds for increased reimbursement rates and subsidy eligibility to continue through the end of FY23. Child care providers receive reimbursement for every child they serve who is enrolled in the CDC program. These rates do not reflect the true cost that a provider incurs caring for a child, which makes it impossible for child care providers to care for subsidy-eligible children and earn a living wage.

### Key Proposals for A Healthy Start

The Governor's budget recommendations directly focused on early childhood health and development include:

- \$1 million increase in School Aid Funds for **Early On**, Michigan's early intervention program for infants and toddlers who have developmental delays or disabilities.
- \$31.4 million increase for **Healthy Moms, Healthy Babies**, Michigan's post-partum Medicaid coverage initiative, to remove a five-year waiting period for lawfully residing immigrant children and pregnant women before accessing Medicaid, improve care in hospitals, foster collaboration, and provide evidence-based pregnancy supports.
- \$2 million increase in state funds (\$4.5 million total) for **voluntary home visiting programs** that serve at-risk children and their families by teaching effective parenting techniques and child development, and offering connections to healthcare, housing, food, and other social services.

### What's Missing?

- The Governor's recommendation does not include any increase in funding for **community-based child abuse and neglect prevention through Children Trust Michigan** (CTM – formerly known as the Michigan Children's Trust Fund). CTM funds local councils and direct services across every county, providing for training, community awareness, and concrete resources aimed at stopping child abuse before it happens.
- The \$1 million increase in *Early On* funding, taking *Early On* to \$22.25 million, falls far short of the **overall funding Early On needs, or \$68 million**. Full funding for *Early On* would allow all Intermediate School Districts (ISDs) to coordinate their efforts statewide, and advance detection of developmental delays so fewer children fall through the cracks.

### Key Proposals for Keeping All Families Strong

The Governor recommends a **major expansion of the state's Earned Income Tax Credit (EITC)** from 6 percent to 30 percent of their federal EITC, renaming it the Working Families Tax Credit (WFTC). This would increase tax refunds by potentially thousands of dollars for many working families across the state who earn less than \$42,000 - \$57,000 (depending on the number of children in their household). The average credit is projected to increase by almost \$550 to \$685 to help offset rising costs of food, rent, or replacing an outdated vehicle. This is expected to cost approximately \$384 million annually.

The Governor also recommends **strengthening our state's mental health workforce** including using state and federal funds to increase wages by \$1.50 per hour for professionals providing Medicaid behavioral health services. The proposal also recommends \$5 million in General Funds to fund scholarships and for people interested in training to become behavioral health providers.

### What's Missing?

The current proposals to increase the EITC leave out many vulnerable young adults who are not able to benefit from the tax credit even though they are working. Young adults are often in the lowest-earning years of their lives, which makes saving up for a family a difficult task. **Eliminating the age for eligibility for the childless portion of the EITC's eligibility** would help youth age 18 bolster their earnings, stabilize their housing, and help them move forward in their lives and careers.

### **Key Proposals for Struggling Families**

The Governor's recommended child welfare system investments include:

- \$19.3 million in state and federal funds to **increase the daily rate paid to foster parents, adoptive parents, and juvenile guardians by 8 percent.**
- \$16.3 million total in General Funds to **expand respite care for foster families.**
- \$12.6 million in state and federal funds to **continue the overhaul of child welfare data systems.**

### What's Missing?

Thousands of kin caregivers are not registered with DHHS and do not benefit from foster care payments. These **"informal kin"** provide equally critical care for children and youth and deserve support for the costs of providing for grandchildren, nieces, and nephews. Many informal kin receive support through the "child-only" [Family Independence Program](#) (FIP) grant (officially called the "ineligible grantee" grant). **Increasing the child-only FIP grant and expanding [Family Resource Centers](#)** to connect informal kin caregivers with the FIP grant will help more informal kin get the support they need.

### **Key Proposals for Helping Students Thrive**

The Governor recommends a dramatic increase in School Aid Funds for K-12 education, including:

- \$614 million for a **\$458 increase to the per pupil foundation allowance from \$9,150 to \$9,608.**
- \$500 million for **school infrastructure improvements.**
- \$424 million in new funds to **improve early literacy**, including expanding literacy coaches, improving literacy curriculum, engaging families in literacy efforts, and improving student literacy in Detroit to fulfill a legal settlement.
- \$300 million over 2 years to fund **school-based mental health services**, and an additional \$29 million for mental health services operated by intermediate school districts.
- \$300 million to **expand tutoring** in Michigan schools.
- \$195 million to **improve teacher recruitment and retention.**
- \$160 million to provide **no-cost school breakfast and school lunch to all students.**
- \$79.9 million in increased funds for **special education students.**
- \$64.7 million to increase funds for **academically at-risk, economically disadvantaged students.**
- \$25 million in one-time funding for **before- and after-school programs.**
- \$1.3 million increase for **bilingual education.**
- \$1 million for school districts to **forgive outstanding student meal debts.**

### What's Missing?

The proposed \$25 million in one-time funding for after-school and summer learning programs mentioned above is an important step, but that only represents a continuation of what was budgeted

last year, and for only one year at that, which does not meet the **\$100 million in unmet annual need for out-of-school time learning** opportunities to help students accelerate their skills and learning.

### Successful Youth Transitions

The Governor's Budget proposal recommends a series of investments to implement reforms recommended by the bi-partisan [Task Force on Juvenile Justice Reform](#):

- \$31.5 million in General Funds to amend the Child Care Fund, which traditionally funds 50% of juvenile and foster care activities at the county level, to pay for 75% of the cost of community-based programming, thereby **incentivizing decisions that keep young people out of detention**.
- \$3.6 million in General Funds to establish a **Juvenile Justice Services Division** within the State Court Administrative Office to coordinate data collection and reporting, review standards, and develop tools for local courts.
- \$1.6 million in General Funds to expand capacity at the Office of the Child Advocate (OCA) to **investigate juvenile facility complaints** and advocate for children in the juvenile justice system.
- \$556,900 in General Funds to create a juvenile justice unit within the State Appellate Defender's Office to **provide appellate counsel for indigent youth** in juvenile delinquency cases.

### What's Missing?

The budget recommendation neglects to take a number of steps that would have provided increased support for young people exiting foster care, who have arguably the thinnest safety nets and protective factors, especially during the pandemic crisis. These steps include:

- **Increased postsecondary support dedicated for foster care alumni.**
- **Expanding the [Michigan Youth Opportunities Initiative](#)** to provide more comprehensive and consistent access to peer mentoring and services to older youth experiencing foster care.
- Continued funding for **student advocacy and education case management for young people experiencing foster care and disability.**
- Funding to strengthen and expand **runaway and homeless youth services**. Many youth served by these programs are quickly reunited with their families, avoiding homelessness or child welfare involvement altogether.

### Adult Education and Workforce Development

The Governor's budget proposal includes \$30 million in total increased funds for **education for adult learners**, including a \$15 million increase in School Aid Funds to expand Adult Education programming, the first increase in over a decade, and \$15 million to pilot programs to connect adult learners with existing postsecondary and employment opportunities. This would be a historic investment into adults who have been most left behind by our education system and who are a critical population for reaching the Governor's goal of 60% of Michiganders having a degree or skill certificate by 2030.

The Governor proposes additional significant investments into workforce development, including:

- \$76.6 million in School Aid and General Funds to increase base funding for the state's **public universities and community colleges**.
- \$140 million to **lower the age eligibility threshold for [Michigan Reconnect](#)**, a scholarship to help adults (age 21 to 25) re-engage with education and earn a 2-year degree.

- \$75 million in one-time federal funds for grants to students whose education was disrupted by the pandemic to complete their bachelor's degree.
- \$35 million in one-time federal funds to **expand [Going PRO](#) employer-based training grants** that result in industry recognized credentials and certificates.
- \$30 million in General Funds for **student wraparound services at public colleges and universities** to meet the basic needs of students including emergency housing, child care, on-campus food pantries, emergency grants, mental health services, and other barriers.
- \$25 million in one-time General Funds for competitive grants to colleges and universities to adopt new practices to **improve student retention and completion**, including course redesigns.
- \$16.1 million in one-time School Aid and General Funds to assist community colleges with evaluating, identifying, and addressing **student mental health needs on campuses**.

### **Business Incentives Could Be Used for Further Investment in Youth and Family Needs**

The Governor's recommendation includes \$500 million in state funds to incentivize businesses to relocate to Michigan. For years our state has been plagued by underinvestment, and essential public goods and services including special education, mental health services, child care, and child welfare system have languished. This has left children, youth and families who shoulder significant challenges unable to take advantage of opportunities and contribute to our society and economy. We must not expand business incentives at the expense of the needs of young people and families.

### **Additional Key Proposals**

- \$318 million over 2 years to fund school collaborations with law enforcement and physical upgrades to school building security.
- \$200 million to continue competitive grants for local communities to use for affordable housing, broadband expansion, and other projects.
- \$50 million to build affordable housing through a Housing and Community Development Fund.
- \$12.5 million to continue implementation of a statewide case management system for the state's hundreds of local trial courts, which improve accuracy and protection of information.
- \$10 million for Child Savings Accounts pilot programs to build savings in low-income families.
- \$4 million for the Dolly Parton Imagination Library to provide books by mail to families.
- \$4 million in state and federal funds to expand coverage for young adults enrolled in the Children's Special Health Care Services (CSHCS) program
- \$3.2 million to resentence juvenile life sentences that have been deemed unconstitutional.