

The 2009 State Budget: How Will it Affect Your Community and its Children And Why Should You Get Involved?

July 31, 2008 Update

Each year, the Michigan Legislature adopts a budget for the State of Michigan. The state budget, like any family's budget, is a strong statement of its priorities. When setting the state budget, legislators "cut up the pie" of state revenues, and most years there are winners and losers. The fiscal year 2009 budget is now complete.

Nearly everyone, including policymakers in Lansing, thinks children should be a priority. The Governor has made services to young children one of her top two priorities. Most legislators want to do what is best for children, and polls show that the public has a high level of concern for the wellbeing of children. Unfortunately, that support has not always translated into the funding and policies that children need.

So just where do your children fit in the state's list of priorities? How much does the State of Michigan value its most vulnerable citizens – its children? How have families and children fared in the ever-increasing competition for limited resources? Here are some examples:

What is Michigan's track record?

- **More children are living in deep poverty.** One in five children under the age of five lives in poverty, yet the monthly welfare grant hasn't been increased since 1993. As a result, more children are living on incomes of only slightly over one-third of the poverty level.
- **Too many children are being removed from their homes and placed in foster care.** Since 2000, funding for a range of community services to prevent child abuse and neglect and to help families stay together has been cut. Nearly 19,000 children are in the state's foster care system, and children of color are most likely to be removed from home. Although African American children represent slightly less than 18 percent of all children in the state, more than half of all the children in out-of-home care are African American, or one of every 50 African American children in Michigan.
- **Too many low income children do not have access to high quality child care.** Many low-income working parents cannot afford or find high quality child care and must instead rely on unlicensed care of unknown quality. Today, three of every five low-income children whose care is supported by a subsidy in Michigan are in unregulated care. Eligibility and child care provider rate cuts have left fewer families able to access high quality child care and fewer caregivers able to provide services. And, because of cuts in the number of state inspectors of child care centers and homes, many parents worry about their children's safety even when they are in state-licensed settings. Michigan has some of the highest caseloads for child care consultants/inspectors in the country, leading the State Auditor General to conclude that Michigan cannot guarantee the safety of child care settings.
- **Too many children are not able to participate in the preschool programs that could help them succeed in kindergarten and beyond.** Children who are able to attend high quality preschool programs are more likely to be prepared for kindergarten, succeed in school, avoid the need for special education services, and graduate from high school on time. Unfortunately, many low-income

working families cannot find affordable programs or cannot benefit from part-day preschool programs because of their work schedules.

- **Far too many young people are not earning a high school diploma--the ticket to higher education and success in the work place.** An estimated 46,000 Michigan students did not graduate with their peers in 2006, and more than one of every six young adults (ages 18-24) in Michigan do not have a high school diploma. African American, American Indian and Latino youths are more than twice as likely to drop out of school. Michigan's stringent "zero tolerance" law, as well as its shortage of alternative education programs and other nontraditional pathways to a high school degree, have made the problem worse.
- **Too many young people have no where to go after school.** Since 2001, state funding for before- and after-school programs has been reduced from \$16 million to \$5 million. After-school programs have been shown to improve school attendance and achievement, as well as reduce violence and other risky behaviors for youths. Most needed are innovative after-school programs in high schools that might help teenagers stay in school and graduate, including for example, credit recovery programs and apprenticeships.
- **Too many pregnant women and children don't have access to basic health care, and far too many African American infants are dying before their first birthday.** More than 880,000 Michigan children--one of every three children--are now covered by Medicaid, but much more needs to be done to ensure that pregnant women and children have access to basic preventive health care. One in five Michigan children is born to a mother who had inadequate prenatal care, and compared with white children, African American and Hispanic children are more likely to be uninsured, to have trouble accessing health care, and to be in poor health. Of great concern is the fact that African American babies are almost three times more likely to die during the first year of life.
- **Too many adolescents are not getting basic health care.** During adolescence, young people become more likely to engage in high-risk behaviors, but are also less likely to seek out and receive basic preventive health care. Adolescent health centers, some of which are based in schools, help young people get the physical and mental health services they need, and have been shown to improve both student health and school performance.

How did the legislature allocate funding for fiscal year 2009?

Poverty:

- **Welfare grant increase:** The Governor proposed to increase welfare monthly grants by 2 percent or approximately \$3 per person per month, and the Michigan House of Representatives (House) agreed. The Michigan Senate reduced the grant increase to \$1 per family member per month, and provided a \$50 incentive payment to Family Independence Program (FIP) recipients who have met federal work requirements for three consecutive months. *The final budget included a grant increase of \$1 per family member per month, which would boost the monthly income for a family of three from \$489 to \$492. The final budget also incorporated the Senate's \$50 incentive payment to FIP recipients who have met federal work requirements for three consecutive months. This grant increase is contingent on Michigan receiving more federal funds through the Temporary Assistance for Needy Families (TANF) program due to our state's "hardship status," based on high food stamp caseloads and unemployment rates. To receive the additional federal dollars, Michigan must provide a state match, and policymakers currently believe that it is highly likely the federal dollars will be available.*
- **Children's clothing allowance:** The Governor proposed to increase the annual clothing allowance for children receiving FIP payments from \$43 a year to \$75. The House increased the clothing allowance to \$100 annually. The Senate provided \$60 per child per year for clothing. *The final budget increased the annual clothing allowance to \$88 per child.*

Child abuse and neglect:

- **Subsidized guardianship program:** The Governor, the House and the Senate included \$4.6 million for a pilot program to provide payments to relatives and others who are willing to serve as guardians of abused and neglected children. The Senate included budget language indicating that the DHS “may provide money to eligible children in the subsidized guardianship program on an as-needed basis or in the form of a one-time payment to promote permanency for children.” *The final budget included \$4.6 million for the pilot program. State legislation (SB 170) authorizing the expenditures was approved by the Legislature.*
- **Family preservation and child abuse and neglect prevention services:** The Governor and the House reduced funding for the Strong Families/Safe Children program by \$2 million. The Senate restored funding for Strong Families/Safe Children. *The final budget reduced funding for the Strong Families/Safe Children program by \$2 million, but included language that restores the funding if federal TANF hardship dollars are secured and available.*
- **Youth aging out of foster care:** Both the House and the Senate increased rates for independent living programs by 4 percent. The Governor, the House and the Senate recognized a total of \$1.225 million for the Michigan Youth Opportunity Initiative (MYOI) which provides services to older foster care youths. The House added another \$1 million for a new program that would provide services to older children leaving the child welfare system (*Bridges to Responsible Adulthood* program). *The final budget increased rates for independent living programs by 4 percent, recognized \$1.225 million for MYOI, and included \$1 million for the Bridges to Responsible Adulthood program.*
- **Foster home safety:** The Governor included two new licensing positions to handle background checks required in foster care settings. The House included 12 new positions that can be used to inspect foster care and child care homes and centers. The Senate approved 7 new licensing positions. *The final budget included 7 new positions within the Bureau of Children and Adult Licensing.*

Child care:

- **Payments to child care providers:** The Governor included \$10 million for an increase of approximately 2.5 percent in reimbursement rates for child care providers. The House provided rate increases for all child care providers, and included \$4.9 million for an additional increase for licensed or regulated child care centers, and family and group homes (on top of the across the board increase), and \$700,000 for incentive payments for child care aides or relatives who complete a ten hour child care training program. The Senate rejected the \$10 million rate increase for all child care providers and the child care aide/relative incentive payments, but adopted the House increase for licensed or regulated child care centers, and family and group homes. The Senate also approved \$5 million for a contract with a private agency to develop and maintain a child care provider management and payment system. *The final budget included \$10 million to fully account for a rate increase for child care providers in fiscal year 2008 if federal TANF hardship dollars are secured and available.*

Early childhood programs:

- **Preschool programs:** The Governor proposed to increase funding for the School Aid Michigan School Readiness program (MSRP) by \$22 million to serve an additional 7,000 four-year-olds in Michigan. The per-pupil allocation for schools would remain at \$3,400. The Senate provided \$4.7 million for the MSRP. The House increased MSRP funding by \$25 million and the per-pupil allocation by \$100 to \$3,500. The Governor, the Senate, and the House added new language requiring Head Start, MSRP and other early learning programs to work together at the local level as they recruit and enroll children. The Governor, the Senate, and the House approved changes in the allocation formula for the MSRP, in part to ensure that school districts receive at least as much

funding as they did in the prior school year. The Senate also gave school districts the permission to blend MSRP and Head Start funding to provide full-day programs. *The final budget included a \$5 million increase for the MSRP, with funding to be allocated to both the School Aid and competitive portions of the program. The final budget also included language requiring Head Start, MSPR, and other early learning programs to work together at the local level and adopted the changes in the allocation formula for the MSRP.*

- **Other early childhood services:** Neither the Governor or the Senate added new funding for the 0 to 3 Secondary Prevention program that provides community services to vulnerable families with very young children, or the Great Parents/Great Start program that provides Intermediate School Districts (ISDs) with funding to serve families of preschool age children. The House added \$2.5 million to the 0 to 3 Secondary Prevention program to a total of \$4.6 million through the School Aid budget, while the Senate added \$476,000 for the program in the Department of Community Health budget. The Governor recommended an increase of \$5 million (to a total of \$6.75 million) for local Great Start Collaboratives (GSCs), and \$2.5 million for grants to GSCs for innovative programs to increase the quality of child care and early learning programs. The Senate rejected both increases. The House accepted the Governor's recommendation to increase funding for local GSC's by \$5 million, but only increased funding for GSC innovative programs by \$1.5 million. *The final budget included a \$5 million increase for the Early Childhood Investment Corporation, with funding to expand local Great Start Collaboratives. The final budget did not increase funding for the 0 to 3 Secondary Prevention program.*

High school completion programs:

- **Supports for high schools with low academic achievement:** The Governor proposed \$32 million for grants to school districts with low academic achievement. Funding could be used to create small high schools that might provide the type of environments needed to keep young people in school and prepare them for college. Funds could also be used to improve the high school curriculum, train teachers, or provide students with educational alternatives such as early/middle colleges. The House accepted the Governor's recommendations and included language allowing startup grants to be appropriated for creating digital learning environments using digital access, creation and content distribution tools. The Senate rejected the Governor's 21st Century Schools Fund, and used that \$32 million for payments to schools to build their infrastructure, including school building repairs and reductions in current debt. The Senate also added an additional \$1 million (to a total of \$4.5 million) for math and science centers that offer credit recovery and remedial education to pupils who are at risk of failing. *The final budget included \$15 million for new grants to school districts with less than 70 percent graduation rates for planning and startup of newly constructed or configured schools designed to reduce the dropout rate. Grants of up to \$3 million will be available, requiring a local match. Districts receiving grants would have to graduate at least 80 percent of their students by the third year, with 80 percent of those students going on to postsecondary education. Districts not meeting those goals would be required to return 50 percent of their grants.*
- **Adult education:** The Governor, the Senate, and the House offered no new funding for adult education programs; *the final budget maintained current spending of \$24 million.*

After school programs: *The final budget maintained funding for after-school pilot programs at the current year level of \$5 million.*

Maternal and child health: The Governor recommended no changes in the Healthy Michigan Fund, the source of funding for a wide range of health promotion and prevention programs, including infant mortality and lead poisoning prevention, immunization, family planning and local maternal and child health services. The Senate cut the Healthy Michigan Fund by more than 40 percent, giving the

Department of Community Health the discretion to make the necessary cuts. The House restored the Healthy Michigan Fund. *The final budget included no changes in the Healthy Michigan Fund, maintaining funding for current programs.*

Adolescent health:

- **Medicaid coverage for young adults:** The Senate eliminated Medicaid coverage for 19- and 20-year-olds, a move that would affect an estimated 15,000 vulnerable young people, including approximately 1,500 youths aging out of the state's foster care system. The House restored Medicaid coverage for low-income young adults. *The final budget maintained Medicaid coverage for 19- and 20-year-olds.*
- **Adolescent health centers:** The Governor increased funding for child and adolescent health centers by \$2 million to a total of \$5.74 million. The Senate increased funding by only \$1 million to \$4.74 million. The House agreed with the Governor. *The final budget increased funding for child and adolescent health centers by \$1 million.*

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