

May 17, 2013

### The Fiscal Year 2014 Budget: How the Different Proposals Impact Equity to Ensure All Children Are Ready to Learn & Lead

The single best predictor of economic prosperity is a state's success in educating and preparing its workforce. As Michigan becomes more diverse, funding decisions that do not explicitly address underlying inequities in resource and opportunity will lead to longer-term fiscal hardships for all Michigan residents. Gaps in outcomes by race and ethnicity in Michigan are among the worst in the country, emerge before birth and accumulate over a lifetime. Gaps in opportunity caused by Michigan's extreme economic hardships and exacerbated by structural barriers due to race or ethnicity, contribute to these unacceptable disparities. Inequities in birth outcomes and literacy development result in differences in socio-emotional development, intellectual functioning, and health that are evident as early as 9 months of age. These gaps then contribute to differences in educational success, high school graduation and college enrollment, leading to clear disparities in earnings and other outcomes over a lifetime.

These long-term disparities in educational and life success have had profound and unacceptable economic, social and fiscal consequences for Michigan. Fortunately, these disparities can be mitigated with targeted, strategic, and equitable public policy and budget decision-making that focus on eliminating barriers to opportunity. Each year, lawmakers are given the opportunity to make budget decisions that will ensure the future prosperity of the state. The state budget expresses the state's priorities and can be used as a tool for either improving equity or widening gaps. With the next workforce set to be its most diverse yet, Michigan needs to allocate its resources in ways that improve the opportunity for ALL children:

1. To be born healthy and have continued access to high quality health care services.
2. To be raised by parents or caregivers who have the supports needed to be their child's first, consistent and best teachers.
3. To be assured a high quality education that begins in early childhood, extends through a career, and leads to economic self-sufficiency.

The Governor, House, and Senate have proposed some differences in their budgets for fiscal year 2014 that will have varying impacts on reducing disparities in child and family outcomes. This publication provides Michigan's Children's analysis of how their differing proposals will impact equity.

#### Summary: Budget Proposals and How They Impact Equity

↑ Improves Equitable Outcomes    ↓ Reduces Equitable Outcomes    ↔ Neutral or Unknown Equity Impact

Budget Item	Governor	House	Senate
<i>Healthy Birth and Access to Services</i>			
Medicaid Expansion	↑	↓	↓
Healthy Kids Dental Program	↑	↓	↑
Mental Health Innovations	↑	↓	↔
Health and Wellness Initiative	↓	↓	↔
Infant Mortality Reduction	↔	↓	↔
Lead Abatement	↓	↓	↓
<i>Supporting Parents and Caregivers</i>			
Basic Needs	↓	↓	↓
Family Preservation and Prevention	↔	↓	↔
<i>High Quality Education</i>			
Great Start Readiness Program	↑	↑	↑
Support for Families with Young Children from Birth through Age Three	↓	↔	↔
Before- and After-School Programs	↓	↓	↓
Child Development and Care Program	↓	↓	↓
School-Community Partnership	↓	↓	↔
5 <sup>th</sup> and 6 <sup>th</sup> Year of High School	↓	↓	↔
K-12 Foundation Allowance	↔	↔	↔
Best Practices Grants	↓	↓	↓

**A healthy birth and access to high quality health care services**

Budget Item	Governor	House	Senate
<p><b>Medicaid Expansion</b> Under the federal Affordable Care Act (ACA), states have the option to expand Medicaid eligibility for adults up to 133 percent of the federal poverty level (FPL). As part of the ACA, the federal government will pay 100 percent of the cost of all newly eligible Medicaid residents for three years beginning in 2014. Though Michigan children, ages 1-17, are already covered by Medicaid up to 150 percent FPL and infants under age 1 up to 185 percent FPL; many young adults who are most likely to be uninsured would be able to access health care through this expansion. African American and Latino residents in Michigan are more likely to be uninsured than white residents, so a Medicaid expansion will ensure that more adults of color will be able to access health care, reducing health disparities. This helps the odds of more babies (and particularly more babies of color) born healthy since a woman’s health prior to conception impacts pregnancy outcomes and the health of a newborn child. In addition, improving the health of parents of young children improves their ability to keep consistent employment and provide adequate caregiving. This expansion would also cover many young adults still working to complete high school credentials.</p>	<p align="center">↑</p> <p>The Governor took advantage of the ACA and expanded Medicaid for adults up to 133% FPL.</p>	<p align="center">↓</p> <p>The House rejected the Governor’s proposal to expand Medicaid.</p>	<p align="center">↓</p> <p>The Senate rejected the Governor’s proposal to expand Medicaid.</p>
<p><b>Healthy Kids Dental Program</b> The Healthy Kids Dental Program (HKD) increases reimbursement rates to dental providers, which encourages provider participation and helps approximately 442,000 children access the high quality dental care they need. Dental disease is the most common chronic illness for children – more so than asthma or hay fever – and disproportionately affects children of color and children from low-income families. Access to oral health care can ensure that fewer children suffer from tooth decay and miss fewer days of school due to oral health problems. Currently, Healthy Kids Dental Program serves all Michigan counties <i>except</i> Ingham, Kalamazoo, Kent, Macomb, Oakland, Ottawa, Washtenaw, and Wayne.</p>	<p align="center">↑</p> <p>The Governor added \$11.6 million (\$3.9 million GF) to expand HKD to an additional 70,500 Medicaid-eligible children in Ingham, Ottawa and Washtenaw counties.</p>	<p align="center">↓</p> <p>The House rejected the Governor’s proposal to expand HKD.</p>	<p align="center">↑</p> <p>The Senate approved the Governor’s expansion of HKD but did not specify which counties the expansion would serve.</p>
<p><b>Mental Health Innovations</b> The Governor has proposed a new Mental Health Innovations grant that would support</p> <ol style="list-style-type: none"> <li>1) comprehensive home-based mental health services for children to strengthen families and reduce child hospitalizations,</li> <li>2) coordination between the Department of Community Health (DCH), private providers and the Department of Human Services (DHS) to pilot a high intensity care management team for youth with complex behavior disorders, and</li> </ol>	<p align="center">↑</p> <p>The Governor added \$5 million in one-time GF to support Mental Health Innovations including \$2.5 million for home-based support,</p>	<p align="center">↓</p> <p>The House rejected the Governor’s Mental Health Innovations grants.</p>	<p align="center">↔</p> <p>The Senate included a \$100 placeholder for Mental Health Innovations to allow for further discussion on this</p>

<p>3) mental health “first aid” training to a range of public and private groups to recognize mental health problems in youth and obtain professional help.</p> <p>Comprehensive mental health coverage is critical for children and families who often fall victim to a fragmented health care system that struggles to properly integrate health and mental health needs due to insufficient funds, particularly for children of color and from low-income families. These home-based and coordinated efforts between DCH and DHS could assist in ensuring that children who struggle with mental health issues and their families get the support they need, and the “first aid” training can better prepare adults to recognize signs of mental health issues among youth that may previously have been inappropriately identified as bad behavior.</p>	<p>\$1 million to support youth with complex behavior disorders, and \$1.5 million for the first aid training.</p>		<p>budget item in Conference Committee.</p>
<p><b>Health and Wellness Initiative</b></p> <p>Health and Wellness Initiatives are public health promoting programs and services that focus on various public health issues including health disparities, childhood obesity, teen pregnancy, family planning, and chronic diseases. The Health and Wellness Initiative budget line item supports specific programs that improve health outcomes for Michigan children and families including perinatal regionalization to reduce infant mortality, Nurse Family Partnership evidence-based home visiting program to ensure a healthy start in life for babies, the Michigan Care Improvement Registry (MCIR) to track children’s immunizations, and the Michigan Model for School Health evidence-based health curriculum offered in schools. Promoting positive health behavior across the cradle-to-career continuum is critical, particularly when it comes to the unacceptable health disparities seen across Michigan residents. This is done through public health services that are available to the general public like MCIR as well as targeted programs to serve children and families most likely to struggle with poorer health outcomes.</p>	<p style="text-align: center;">↓</p> <p>The Governor’s Health and Wellness Initiative included an additional \$1.5 million in ongoing GF, but did not include \$5 million in one-time appropriations from FY2013, resulting in an overall \$3.5 million cut for a total spending of \$8.7 million. Specific cuts:</p> <ul style="list-style-type: none"> <li>• \$1.0 million cut to his 4X4 wellness program (\$1.25 million total funding)</li> <li>• \$10,000 cut to health disparities (total \$480,500)</li> <li>• \$98,800 cut to the MI Care Improvement immunization Registry (total \$2.1 million)</li> <li>• \$750,000 cut to pregnancy prevention (total \$112,500)</li> <li>• \$34,700 cut to the Michigan Model for School Health (total \$300,700)</li> <li>• \$251,500 cut to smoking</li> </ul>	<p style="text-align: center;">↓</p> <p>The House concurred with the Governor on all things except they eliminated funding for his 4X4 wellness program and reduced funding for smoking cessation by \$84,300 for a total of \$1.5 million.</p>	<p style="text-align: center;">↔</p> <p>The Senate included a \$100 placeholder for the Governor’s proposed \$1.5 million in new ongoing funding and placeholders for physical fitness curriculum, a Kent County integrated care project, and Alzheimer’s disease services. The placeholder allows for further conversation on funding these items in Conference Committee. The Senate, however, did not specify how Health and Wellness Initiative funding would be allocated to continuing programs, giving discretion to the Department.</p>

	<p>cessation programs (total \$1.6 million).</p> <p>He maintained FY2013 funding for the children’s physical health pilot (\$1 million), Nurse Family Partnership (\$50,000), infant mortality reduction (\$750,000) and a provided a slight increase for infant mortality perinatal regionalization (\$152,500).</p>		
<p><b>Infant Mortality Reduction</b></p> <p>In 2012, Michigan developed a statewide plan to reduce infant mortality, with a focus on reducing the huge disparity in infant mortality between African American babies and white babies. In a state where African American infants are three times more likely to die during the first year of life compared to white infants, fully implementing the state’s Infant Mortality Reduction Plan while also addressing other factors that impact health outcomes such as poverty, limited access to high quality education from cradle to career, or availability of adequately paying jobs are essential to move the dial on infant mortality and other key public health indicators. Developers of the state’s Infant Mortality Reduction plan estimate that approximately \$11 million would be needed to fully implement the plan, which includes efforts around implementing a regional perinatal system, reducing medically unnecessary deliveries before 39 weeks of gestation, promoting safe sleep for infants, expanding home visiting supports, improving the health status of women and girls, reducing unintended pregnancies, and targeting social determinants of health.</p>	<p style="text-align: center;">↔</p> <p>The Governor included \$2.5 million GF to support the state’s Infant Mortality Reduction Plan. This level of funding to support the state’s plan is a step in the right direction, but is still insufficient to fully implement the plan.</p>	<p style="text-align: center;">↓</p> <p>The House rejected the Governor’s proposed \$2.5 million appropriation to support the state’s Infant Mortality Reduction Plan.</p>	<p style="text-align: center;">↔</p> <p>The Senate included a \$100 placeholder for the state’s Infant Mortality Reduction Plan to allow for further discussion in Conference Committee.</p>
<p><b>Lead Abatement</b></p> <p>Lead poisoning remains the number one environmental health hazard for young children, and can cause irreversible cognitive damage and has been linked to learning disabilities and violent behavior in children and adults. With children of color and from low-income families more likely to be exposed to lead, lead abatement in homes is even more critical to ensure that disadvantaged young children are not facing additional challenges related to lead poisoning. The Healthy Homes program provides remediation and safe removal of lead hazards from older homes in areas of the state with high incidence of lead poisoned children.</p>	<p style="text-align: center;">↓</p> <p>The Governor cut funding for the Healthy Homes lead abatement program by \$2 million for a total appropriation of \$2.9 million.</p>	<p style="text-align: center;">↓</p> <p>The House cut funding for Healthy Homes by \$1 million for a total appropriation of \$3.9 million.</p>	<p style="text-align: center;">↔</p> <p>The Senate concurred with the Governor but included a \$100 placeholder to allow for further discussion of a potential expansion in Conference Committee.</p>

**Parents or caregivers with the supports needed to be their child’s first, consistent and best teachers.**

Budget Item	Governor	House	Senate
<p><b>Basic Needs</b> Over the past two years, harmful policy changes have made it more difficult for families to consistently access basic supports. These changes have included a 48-month lifetime limit to the Family Independence Program (which was codified into law in 2012) – the state’s cash assistance program, the asset test requirement to access the Food Assistance Program, and the reduction of the Earned Income Tax Credit (EITC) from 20 percent to 6 percent of the federal EITC. Childhood poverty is clearly linked to many negative outcomes for children including poor health and reduced access to a high quality education from cradle to career, and these types of policy changes makes it more difficult for the most challenged families to provide the basic needs that their children need to thrive.</p>	<p align="center">↓</p> <p>The Governor made no changes to FIP, FAP, or the EITC. Funding changes are as follows:</p> <ul style="list-style-type: none"> <li>• FAP was reduced \$683.6 million from 1,088,146 cases at \$271/month to 876,650 cases at \$269/month.</li> <li>• FIP was reduced \$15.8 million from 53,298 cases at \$397/month to 49,226 cases at \$401/month</li> </ul>	<p align="center">↓</p> <p>The House concurred with the Governor on FIP, FAP, and the EITC. The House also eliminated 618 full-time employee positions from local DHS offices which includes elimination of 223 fewer direct public assistance case workers.</p>	<p align="center">↓</p> <p>The Senate concurred with the Governor.</p>
<p><b>Family Preservation and Prevention</b> Child abuse and neglect prevention programs have been decimated over the past decade as priority in the state’s child welfare system has focused on foster care and child protective services as a result of the Children’s Rights Settlement. As a result, funding to maintain compliance with the Children’s Rights Settlement has resulted in increased funding to foster care and child protective services, while funding for child abuse prevention has not kept pace. At the same time, Michigan has reduced access to basic needs as previously mentioned, making it more and more difficult for the most challenged families to provide safe, healthy and nurturing home environments. Unfortunately in Michigan, this has led to an unacceptable rise in child maltreatment since 2005, mainly through the rise of child neglect. In a system that’s already plagued by a history of disproportionate entry of children of color into the child welfare system, ensuring that families have access to basic support programs can ensure that more children of color are not disproportionately entering into the child welfare system.</p>	<p align="center">↔</p> <p>The Governor’s budget maintained funding for Strong Families Safe Children at \$12.4 million and drops Families First funding back to FY2012 levels at \$18.0 million (decrease of \$500,000). Child Protection and Permanency increased slightly to \$16.8 million, and Family Reunification maintained funding at \$4.0 million. The Governor also included one-time federal funding of \$1.5 million to support family preservation and prevention services and \$1.0</p>	<p align="center">↓</p> <p>The House maintained funding for Strong Families Safe Children but cut many family preservation and prevention programs as a result of a TANF shortfall:</p> <ul style="list-style-type: none"> <li>• \$1.8 million cut to Families First (total appropriation of \$16.2 million)</li> <li>• \$1.4 million cut to Child Protection and Permanency (\$15.2 million)</li> </ul>	<p align="center">↔</p> <p>The Senate concurred on all the Governor’s proposals except for his slight increase of \$200,000 to Child Protection and Permanency.</p>

	<p>million for child protection and permanency to expand these programs to other counties. Unfortunately, this will be insufficient to offset the deep funding cuts other family support programs have suffered over the last decade, and this one-time investment in federal funding will result in a temporary influx of services for families that may then disappear in those targeted counties.</p>	<ul style="list-style-type: none"> <li>• \$400,000 cut to Family Reunification (\$3.6 million)</li> <li>• \$250,000 cut to Family Preservation and Prevention Services (\$2.3 million).</li> </ul> <p>The House rejected the Governor's \$2.5 million proposal for one-time federal funding to expand family preservation and prevention services and child protection and permanency programs.</p>	
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**A high quality education that begins in early childhood, extends through a career, and leads to economic self-sufficiency.**

Budget Item	Governor	House	Senate
<p><b>Great Start Readiness Program</b>            The Great Start Readiness Program (GSRP) is the state's public preschool for four-year-olds at-risk of being underprepared for kindergarten. The program's high return on investment has been well documented., GSRP evaluations have shown that the program prepares young children for kindergarten, improves student achievement, increases high school graduation rates, all while narrowing the achievement gap. Currently, approximately 29,000 eligible four-year-olds are unable to access GSRP due to insufficient state funds.</p> <p>In FY2013, the School Aid Act provided program funding at \$100.4 million to provide approximately 30,000 slots at \$3400 per slot used in either half-day (one slot) or school-day (two slots) programs. The per slot allotment has been flat for many years forcing school districts and community organizations to absorb some of the costs of the program. The result has been that some districts have decided that they are no longer able to continue programs.</p>	<p style="text-align: center;">↑</p> <p>The Governor provided a \$65 million increase for GSRP that combines the previous competitive portion of GSRP with School Aid GSRP for a total of \$174.3 million. Intent language is added to provide an additional \$65 million in FY2015. This increase would raise the slot amount from \$3,400 to \$3,625 per child and would increase access to an additional 16,000</p>	<p style="text-align: center;">↑</p> <p>The House also combined the School Aid and Competitive GSRP programs but provided a \$38 million increase for a total of \$147.6 million, adding an additional 9,900 half-day slots. The House increased the slot amount to \$3,500. The House included the following changes:</p> <ul style="list-style-type: none"> <li>• language specifying that at least 80% of children</li> </ul>	<p style="text-align: center;">↑</p> <p>The Senate concurred with the Governor to provide a \$65 million increase for GSRP but maintained the slot amount at \$3400. Thus, an additional 19,100 slots would be provided. The Senate also made the following changes:</p> <ul style="list-style-type: none"> <li>• language specifying that all children served live at 300% FPL or below.</li> </ul>

<p>GSRP funding also includes a competitive grant for community-based programs funded at \$8.9 million. Current GSRP policy requires that at least 75% of children served live in families live at 300% FPL or below. Current law does not allow GSRP funds to be used for transportation, which is an issue for the most challenged families who lack the means to get their children to the programs themselves.</p> <p>In late 2010, Michigan launched its quality rating and improvement system called Great Start to Quality (GSQ). GSQ provides families with information to help assess the quality of their child care and early education options. Much like a restaurant or hotel, GSQ provides a star rating where the number of stars indicates the quality of the program. GSRP funding is not currently tied to the programs' GSQ ratings.</p>	<p>half-day slots. The Governor also made the following changes:</p> <ul style="list-style-type: none"> <li>• language specifying that at least 90% of children served by GSRP live at 300% FPL or below</li> <li>• allowed funding to be used for transportation</li> <li>• require a program to have a 3-star rating in GSQ,</li> <li>• required Intermediate School Districts (ISDs) or a consortium of ISDs to conduct a local process to contract at least 20 percent of its total slot allocation to interested and eligible public and private community-based providers. If the ISD is unable to contract for that capacity, then they must notify MDE.</li> </ul>	<p>served by GSRP live at 200% FPL or below</p> <ul style="list-style-type: none"> <li>• allowed funding to be used for transportation</li> <li>• required a 3-star rating in GSQ</li> <li>• require ISDs contract at least 30% of their slots with community-based providers but clarifies that if MDE verifies that the ISD attempted to contract 30% of its slots, then the ISD may retain all of its allocated slots.</li> <li>• added parental choice language to allow parents to choose programs outside their neighborhood or ISD</li> </ul>	<ul style="list-style-type: none"> <li>• new enrollment language requiring children living with families whose income is in the poorest quintile are served first, then filling slots in the next lowest quintile, and so on.</li> <li>• new language requiring providers to retain 10% of funding to be able to enroll children after the start of the program</li> <li>• allowed funding to be used for transportation</li> <li>• did not require a 3-star rating in GSQ</li> <li>• adopted the Governor's recommendation to contract 20% of slots to community-based providers and included clarifying language that the ISD may retain its slots if MDE verifies that it attempted to contract first</li> <li>• new language for GSRP/Head Start blended programs to adhere to policies and regulations of higher standards from either program</li> </ul>
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**Support for Families with Young Children from Birth through Age Three**

The brain science research has been done and the evidence is clear. Basic language and literacy skills are formed in the first three years of life. What has also been evidenced in research is that access to high quality services for families with very young children can offset the disparities in cognitive development that emerge as young as nine months of age. The babies and toddlers who struggle the most can be hugely helped by one year of preschool, but it may not be quite enough to offset the challenges they faced early in life. Increasing investment across the birth to five spectrum, not just for four-year-olds, is the best way to ensure kindergarten readiness for all children and prepare them for success in school and life. A focus on increasing investment for evidence-based home visiting programs, high quality center based child care, and evidence-based early intervention services must go hand-in-hand with the GSRP expansion. Michigan used to have several funding streams to support families with young children including the Zero to Three Secondary Prevention Program, which was a statewide, evidence-based community collaborative focused on child abuse and neglect prevention in families with young children from birth to age three. Additionally, Michigan used to fund the Child Care Enhancement Program which provided services to high risk young children with social-emotional health and development issues from birth to age three experiencing social, emotional and behavioral problems to prevent expulsion from child care.

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The Governor made no increases to programs serving families with young children from birth through age three.

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The House designated some of the DCH prenatal care outreach and services delivery money for home visiting programs. Specifically, they allocate \$350,000 for the evidence-based Nurse Family Partnership home visiting program to enhance support and education to nursing teams, expand recruitment in high-need communities, and to support a program in a city with a population of 600,000 or more. Additionally, \$700,000 is appropriated for a new pregnancy and parenting support program that provides free counseling, support and referral services to eligible women during pregnancy through 12 months after birth. The goals of this program are to increase client support, childbirth choice, adoption knowledge, and parenting skills and to improve reproductive health. However, these specific allocations come on top of a \$1.9 million cut to the

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The Senate also designated some of the DCH prenatal care outreach and services delivery money for home visiting programs, but like the House, made cuts to prenatal care outreach and service delivery support for a total appropriation of \$9.7 million. Rather than including the House proposal for \$350,000 to support the Nurse Family Partnership, the Senate included \$600,000 for evidence-based efforts to reduce infant mortality in areas designated as underserved for obstetrical and gynecological services. The Senate also proposed \$1 million in funding to support a pilot alternative pregnancy and parenting home support program, similar to the House's \$700,000 proposal. This program was funded last year with \$2 million in TANF money but was ultimately vetoed by the Governor.



		prenatal care outreach and service delivery line item for a total appropriation of \$9.2 million.	
<p><b>Before- and After-School Programs</b></p> <p>State funding for before- and after-school pilot programs peaked in FY2001 at \$16 million and gradually lost funding in subsequent fiscal years until its elimination in the FY2012 budget. While the Legislature successfully restored \$1 million in funding for before- and after-school programming in the FY2013 budget, this was ultimately vetoed by the Governor. Access to before- and after-school programs has shown to improve educational success for all students and demonstrate the greatest benefit for students who face the most extraordinary educational challenges – kids from low-income families and kids of color.</p>	↓	<p style="text-align: center;">↓</p> <p>The House included no new funding for educational before- or after-school programming and concurred with the Governor to maintain the healthy exercise program.</p>	↓
<p><b>Child Development and Care Program (child care subsidy)</b></p> <p>Access to high quality child care will better prepare young children – particularly those more likely to struggle in kindergarten – for school; and will ensure that school-aged children can access high quality after-school programs that promote educational outcomes. Unfortunately, Michigan has one of the worst child care subsidy programs in the country with unacceptably low reimbursement rates with no access to continuity of care.</p>	↓	<p style="text-align: center;">↓</p> <p>The House concurred with the Governor.</p>	↓
<p><b>School-Community Partnership</b></p> <p>In FY2009, Michigan allocated a small amount of money to connect educational and other community services. This funding was removed from the FY2010 budget, and has not been included since. We know that young people face barriers to educational success that one system alone can't solve – not the education system alone, not communities alone, and not individual school buildings alone. School-community partnership ensures that the most challenged students have access to the supports they need beyond traditional education to succeed academically. These include opportunities for extended learning, school-based health, positive behavior, and other services that have proven to increase student success. Incentives for schools to create community links aimed at strengthening schools, increasing parent involvement, and meeting children's needs can improve student outcomes and reduce the achievement gap.</p>	↓	<p style="text-align: center;">↓</p> <p>The House concurred with the Governor.</p>	↔

			volunteer organizations to provide needed resources.
<p><b>5<sup>th</sup> and 6<sup>th</sup> Year of High School</b>  Michigan law allows state payment for educating young people toward a high school diploma until they are 20 years old (under certain circumstances, until age 22), allowing students to continue for additional time beyond a traditional 4-years of high school. These additional years of high school have proven to increase high school graduation rates for students who struggle the most in school, particularly for students of color and students with disabilities. Supporting alternative and community education options; community college and workforce development partnerships; and creating other pathways to consistently serve young people throughout the state that utilize a broad range of community resources can ensure that more people receive a high school credential.</p>	<p style="text-align: center;">↓</p> <p>The Governor’s budget did not include any funding to expand access to a 5<sup>th</sup> or 6<sup>th</sup> year of high school.</p>	<p style="text-align: center;">↓</p> <p>The House did not include any funding to expand access to a 5<sup>th</sup> or 6<sup>th</sup> year of high school.</p>	<p style="text-align: center;">↔</p> <p>The Senate did not include any funding to expand access to a 5<sup>th</sup> or 6<sup>th</sup> year of high school. The Senate did add \$250,000 in the DHS budget to support the first year of a three-year Detroit-based pilot program to provide assessments, physical and mental health services, and life skills development for foster care youth over the age of 18 to allow them to continue to work towards a high school credential.</p>
<p><b>K-12 Funding – Foundation Allowance</b>  The K-12 foundation allowance is the state’s investment in public education, each public school or academy gets a per pupil foundation allowance, with the minimum foundation allowance currently at \$6,966. The foundation allowance took a significant hit in FY2012 when it was cut by \$470 per pupil or five percent. Since then, the foundation allowance has received small increases but nothing to offset the deep cuts from FY2012. Inconsistent funding levels force school systems to make reductions in optional programming, innovative partnerships and initiatives targeted toward young people most at-risk of school failure. These programs, such as alternative education programming, are often the options chosen for elimination by local decision makers.</p>	<p style="text-align: center;">↔</p> <p>The Governor’s budget maintained the basic foundation allowance at \$8,019 per pupil, but included \$24 million for an equity payment of up to \$34 per pupil to increase the minimum per-pupil amount from \$6,966 to \$7,000. However, this increase as well as the small increase in FY2013 towards the minimum foundation allowance continues to fall short of the \$470 per pupil cut that districts faced in the FY2012 budget.</p>	<p style="text-align: center;">↔</p> <p>The House concurred with the Governor on the foundation allowance but provided a larger equity payment of \$50 per pupil for districts with foundation allowances below \$7,016. This results in a total appropriation of \$36 million for the equity payment.</p>	<p style="text-align: center;">↔</p> <p>The Senate increased the basic foundation allowance using the 2x formula equaling \$9 per pupil for districts at the basic foundation allowance or higher and as much as \$18 per pupil for districts at the minimum foundation allowance – bringing the minimum foundation allowance up to \$6,984 per pupil. The Senate did not include an equity payment.</p>

<p><b>Best Practices Grants</b></p> <p>In recent years, the state budget has provided best practices grants to schools that demonstrate that they have met seven of eight best practices grants: 1) hold their own health care policy; 2) competitively bid at least one non-instructional service; 3) participate in school choice programs; 4) measure student growth twice annually or show progress toward developing the technological infrastructure to implement assessments by the 2014-2015 school year; 5) provide dual enrollment; 6) offer online or blended learning; 7) publish a dashboard of outcomes for the public as well as revenue and expenditure projections; 8) and provide State Board of Education recommended physical education and/or health education classes.</p> <p>While several of the best practices criteria help improve educational equity including providing dual enrollment opportunities and offering online or blended learning, these types of programs should be adequately funded and offered since they reduce educational disparities, rather than being attached to a small per pupil foundation increase only if a laundry list of “best practices” are achieved.</p>	<p style="text-align: center;">↓</p> <p>The Governor cut funding for best practices grants from \$80 million from FY2013 to \$25 million for a maximum payment of \$16 per pupil (down from \$52 per pupil in FY2013). For the many school districts that implemented best practices in the 2012-2013 school year and received the \$52 per pupil increase will be facing a cut of \$36 per pupil with the reduction in the best practices grant.</p>	<p style="text-align: center;">↓</p> <p>The House reduced best practices grants to a \$100 placeholder.</p>	<p style="text-align: center;">↓</p> <p>The Senate removed best practices grants.</p>
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*For more information on the fiscal year 2014 budget and what it means for children and families, visit [www.michiganschildren.org](http://www.michiganschildren.org).*