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The Governor's Fiscal Year 2015 Budget: Is It Promoting 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 opportunity caused by Michigan's profound economic hardships, coupled with structural barriers by race or ethnicity, contribute to gaps in achievement throughout a student's educational career. These long-term disparities in educational and life success have had profound and unacceptable economic, social and fiscal consequences for Michigan.

The state budget, as the single most powerful expression of the state's priorities, is a critical tool for either improving equity or widening gaps. With the next workforce set to be its most diverse yet, Michigan needs to allocate its scarce resources in ways that ensure that ALL children can thrive. The evidence is clear, all children need:

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.

So how does the Governor's proposed fiscal year 2014-2015 (FY2015) budget promote equity in these key areas?

A healthy birth and access to high quality health care services

↑ *Steps forward*

- The Governor's budget includes an increase of \$625.3 million (reduction of \$63.6 million in general funds) for a full-year of Healthy Michigan Plan implementation. The Healthy Michigan Plan was passed in 2013 to expand Medicaid access to low-income adults with incomes up to 133% of the federal poverty level (FPL). While this does not directly affect children's coverage, Medicaid expansion through the Healthy Michigan Plan is expected to cover 91,000 parents, and improving the health of parents of young children improves their ability to keep consistent employment and provide adequate caregiving. Furthermore, one out of four individuals covered by the expansion will be women of child-bearing age, which is vital since a woman's health prior to conception is

critical to a healthy pregnancy. Since African American and Latino Michigan residents are more likely to be uninsured than white residents, Medicaid expansion through the Healthy Michigan Plan 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.

- The Governor adds \$15.7 million (\$5.4 million in general funds or GF) to Healthy Kids Dental to expand the program to an additional 100,000 eligible children in Kalamazoo and Macomb counties. This program increases provider reimbursement rates, encourages provider participation and helps more children receive the high quality dental care that 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.
- The Governor adds new ongoing funds of \$10.6 million in general funds/general purpose (GF/GP) and one time funds of \$5.0 million GF/GP for implementation of recommendations included in the State of Michigan Mental Health and Wellness Commission 2013 report. While the Mental Health and Wellness Commission looked at a variety of mental health service delivery gaps, several aspects of the Commission's work will impact children. For example, one recommendation is to explore options to address gaps in coverage for women postpartum who lose their Medicaid coverage 60 days after birth, which is important since a mother's ability to seek treatment for postpartum depression and other mental health needs will directly affect her ability to provide quality care to her infant. Additionally, the Commission prioritized at-risk children and youth who are in the foster care system, aging out of the foster care system, and those connected to the juvenile justice system to ensure they have access to appropriate and coordinated mental health services. Another focus was made on the integration of mental health services and the education system and how these two systems can better work together.

↔ *Mixed results*

- The Governor's Health and Wellness Initiative is funded at \$8.1 million, though details have yet to emerge on how this funding will be appropriated to various programs including his 4X4 wellness program, health disparities, home visiting services, the state's Infant Mortality Reduction Plan, the Michigan Care Improvement Registry, pregnancy prevention, and smoking cessation. It is anticipated that allocations to these various health promotion and prevention programs will be the same as in FY2014. While support for health promotion and prevention programs is essential, FY2014 levels continue to fall well-below needed appropriations to reduce health disparities that continue to persist in Michigan. For example, the State's Infant Mortality Reduction Plan was funded at \$2.5 million in FY2014, which falls well below the \$10 million price tag that the plan's

developers estimated would be needed for full implementation. 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 the infant mortality dashboard indicator and other key public health indicators.

- The Governor's FY15 budget includes flat funding for child and adolescent health centers at \$3.6 million and school-based health services at \$131.5 million. Also included is \$2 million to create a pilot program that will work with the existing centers to develop satellite locations that focus on nursing and behavioral health services. While this \$2 million pilot is a step in the right direction, funding for child and adolescent health centers is down \$2 million since 2008. Adolescent health centers are positioned to provide needed services, and integrate a variety of medical, mental health, social and counseling services that would not otherwise be accessed. These centers not only contribute to the health and success of students, but they can also reduce other public spending. Studies have shown that access to these services can significantly reduce in-patient, non-emergency, and emergency care expenses

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

↑ *Steps forward*

- The Governor includes \$8.5 million, of which \$2.5 million GF/GP is new money to expand maternal, infant, and early childhood home visiting programs to serve 200-500 pregnant women and families with children age five and younger at-risk for poor birth and health outcomes in rural northern Michigan and the Upper Peninsula. Evidence-based home visiting programs support Michigan's most challenged pregnant women and new moms – like teen moms, very low-income moms, and moms with other identifiable risk factors – with appropriate supports to be their child's first and best teacher. These home visiting programs have demonstrated positive outcomes including improved birth outcomes, reduced child maltreatment, improved school readiness, and improved maternal well-being.



Steps backward

- The Governor's budget does nothing to reverse the harmful changes made to family support programs including the 48-month lifetime limit to the Family Independence Program (which was codified into law in 2012), the asset test for 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.
- The Governor's budget provides no significant funding changes to child abuse and neglect prevention and family preservation programs, though child maltreatment has been on the rise in

Michigan. Funding to support abuse/neglect prevention and family preservation programs have been cut over the past decade as focus has shifted from prevention to serving children and families already identified by the child welfare system. This shift in focus, unfortunately, is more costly to the state and to children's well-being than preventing maltreatment and supporting families identified as at-risk prior to a child's removal from his/her home.

A high quality education that begins in early childhood, extends through a career, and leads to economic self-sufficiency.

↑ *Steps forward*

- The Governor provides a \$65 million increase for the Great Start Readiness preschool program (GSRP) for a total of \$239.3 million to make Michigan a "no-wait state" for preschool access. This increase would raise the slot amount from \$3,625 to \$3,725 per child and would increase access to an additional 16,000 half-day slots. In addition to a high return on investment, 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.

↓ *Steps backward*

- The Governor's budget didn't include any funding for before- or after-school programs targeting youth. 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.
- After a decade of disinvestment, the Governor's budget provides no funding increases for opportunities for the 5th and 6th year 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.

↔ *Mixed results*

- The Governor includes a \$6.9 million increase to the Child Development and Care (CDC) program to increase the maximum number of reimbursable child care subsidy hours from 80 hours to 90 hours in a two-week period. While this is a step in the right direction towards supporting families who work full-time; at one point Michigan reimbursed up to 140 hours in a two-week period to cover a full-time employee's work week as well as to support those who may need more than one job to support their families. The Governor's budget also includes an additional \$3.7 million to the CDC

program to provide tiered reimbursement rates for high quality licensed and registered child care providers. Hourly reimbursement rates would increase by \$0.25 per hour for 3-star rated programs, \$0.50 per hour for 4-star rated programs, and \$0.75 per hour for 5-star rated programs.

Unfortunately, this rate increase is built upon an extremely low hourly reimbursement structure that makes it nearly impossible for families to access high quality care and for providers to maintain their businesses. 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.

- The Governor includes \$2 million to create a year-round schools pilot program. While the attention to summer learning loss is a step in the right direction, the evidence suggests that simply extending a school day or the school year adds significant costs, but not as many gains in academics and engagements as investment in quality before- and after-school and summer learning programs. These programs include the resources of community partners in addition to resources within a school building.
- The Governor's FY15 budget includes \$20.1 million for the Pathways to Potential program. This service delivery model locates DHS staff in local public schools where they can work directly with children and families to address basic needs and barriers to success that may include housing, food, education and employment issues. DHS staff are currently located in 159 schools throughout the state. These funds also support locating workers in locations other than schools, and support prisoner reentry initiatives as well. Coordination between education and human services is essential to reduce disparities in child outcomes including the academic achievement gap. However, to maximize this resource, it needs to be utilized both to assist children and families with a multitude of issues that may include access to basic needs; and to build lasting capacity for collaborative efforts between educators and other service providers – collaboration that has proven to reduce disparities in student success. Ensuring that staff are specifically trained to work with students, families, school personnel, and the community within school settings to be able to address a host of issues is key to the success of any program option. 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 is not in the Governor's FY15 budget proposals.
- The Governor's budget increases the basic foundation allowance from \$8,019 to \$8,132 per pupil, but includes \$24 million for an equity payment of up to \$34 per pupil for districts at or near the minimum foundation allowance, increasing the minimum per-pupil amount from \$7,000 to \$7,187. However, this increase as well as small increases in FY2013 and FY2014 towards the minimum foundation allowance continues to fall short of the \$470 per pupil cut that districts faced in the FY2012 budget. 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.

- The Governor maintains funding for best practices grants at \$80 million to districts that have met 7 out of 8 best practices criteria for a maximum payment of \$16 per pupil (down from \$52 per pupil in FY2013). 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.
- The Governor includes \$1.8 million to reward districts who facilitate student participation in dual-enrollment options where students can take college courses while in high school but didn’t include language used by other states encouraging districts to utilize dual enrollment as a re-engagement strategy for the most challenged students.
- The Governor’s budget maintains funding for At-Risk programs at \$309.0 million, continuing the significant underfunding of this critical program, but proposes significant shifts in the use, purpose and outcomes of the fund. This flexible funding is currently used to support students at-risk of school failure through a variety of supports during or outside regular school hours such as tutoring services, early childhood programming, reading support, school-based health services, etc. The budget proposal makes significant changes in the way that At-Risk funding would be allocated and the way that students would be deemed eligible for that funding, including prioritizing improvements in 3rd grade reading and college and career readiness and tying future funding to improvements in those two specific areas.

For more information on the fiscal year 2015 budget and what it means for children and families, visit www.michiganschildren.org.