

## The Fiscal Year 2011 Budget: An Update on Provisions Affecting Young Children

The Michigan Legislature continues its work on the fiscal year 2011 state budget, and a number of budgets affecting young children are expected to be approved by the first chamber this week. The provisions affecting young children are summarized below.

**Department of Human Services:** The House Appropriations Subcommittee for the Department of Human Services (DHS) is finalizing its version of the fiscal year 2011 budget. Included in the Subcommittee Chair's recommendations are the following:

- *Continuation funding for the 0 to 3 Secondary Prevention program:* The Governor and the Chair of the House Appropriations Subcommittee recommend continuation funding for the 0 to 3 Secondary Prevention program (\$3.8 million), with funds focused on high needs families in urban areas. The Chair also recommends adoption of the Governor's proposed language changes that would eliminate the following: (1) a requirement that funds be awarded through a joint request for proposal process established by the DHS in conjunction with the Children's Trust Fund and the state human services departments; (2) legislative intent that funds be used for secondary prevention initiatives, and not in cases where neglect or abuse have been substantiated; and (3) language requiring endorsement by local community and Great Start collaboratives.
- *A shift in funding for local Great Start Collaboratives:* The House Appropriations Subcommittee Chair proposes to fund local Great Start Collaboratives through the DHS budget, rather than the K-12 School Aid budget, using Emergency Temporary Assistance for Needy Families (TANF) funding. Continuation funding of \$6 million is recommended—a reduction of \$750,000 from fiscal year 2009. Funding for local Great Start Collaboratives is currently in the K-12 School Aid budget.
- *Increased funding for the Strong Families/Safe Children program:* The Chair of the House Appropriations Subcommittee concurs with the Governor by increasing funding for the Strong Families/Safe Children program by \$5.9 million, with funding to be used for pilot projects in urban counties.

**K-12 School Aid:** The K-12 School Aid budget has been approved by the Senate Appropriations Committee, and includes the following:

**Per pupil expenditures:** After a reduction of \$165 per pupil in the current fiscal year, the Governor recommended no additional cuts in per pupil School Aid payments. The Senate Appropriations Committee increased the per pupil reduction by an additional \$118, for a total reduction of \$283 per pupil over fiscal year 2008-2009 levels.

### Early childhood education:

*Great Start Readiness Program (GSRP):*

- *No restoration of current year cuts in the GSRP:* The Senate Committee concurred with the Governor's recommendation and provided continuation funding of \$88.1 million for the School Aid portion of the

GSRP, as well as \$7.6 million for the GSRP competitive program. Funding for the GSRP competitive program was cut by 50 percent in the current year budget, affecting more than 2,000 children.

- *Continuation of budget language allowing school districts to redirect GSRP funding to other district needs:* The Senate Committee rejected budget language proposed by the Governor prohibiting local districts from redirecting GSRP funds to other budget priorities. The language allowing districts the discretion to redirect GSRP funding was added in the current year budget, and as of the end of December of 2009, an estimated 10 percent of GSRP funds had been redirected to fill holes created by cuts in the K-12 per pupil allotment.
- *Changes in GSRP eligibility and prioritization:* The Senate Committee concurred with language added by the Governor to require that more than 75 percent (up from 50%) of the children participating in a GSRP program are from families with incomes of 300 percent of poverty or less. This language reflects new GSRP participant eligibility and prioritization guidelines adopted by the State Board of Education.
- *Ability to use GSRP funds for other preschool and parenting education programs:* The Senate Committee rejected the Governor's recommendation to remove budget language allowing districts to use GSRP funds for preschool and parenting education programs similar to those provided under the old ASAP-PIE program.
- *Changes in GSRP training requirements:* The Senate Committee rejected changes recommended by the Governor related to provider training, including a requirement that districts that cannot comply fully with training requirements can employ teachers with incomplete training if there is a compliance plan that is completed within 2 years (rather than 4 years) of the date of employment.
- *Establishment of a sliding fee scale for GSRP programs:* The Senate Committee rejected language proposed by the Governor to encourage districts to establish sliding fee scales for tuition for the GSRP for children who do not meet program eligibility requirements.

#### *Great Parents/Great Start:*

- *Continuation funding for Great Parents/Great Start:* The Senate Committee concurred with the Governor and provided continuation funding for the Great Parents/Great Start program at \$5 million.

#### *Great Start Collaboratives:*

- *No restoration of funding for local Great Start Collaboratives:* The Senate Committee concurred with the Governor and provided continuation funding for local Great Start Collaboratives at \$6 million. Funding for Great Start Collaboratives was cut by \$750,000 in the current fiscal year.

#### *0 to 3 Secondary Prevention:*

- *No restoration of funding for the 0 to 3 secondary prevention program:* Both the Governor and the Senate Committee did not restore funding in the School Aid budget (\$2.1 million) for the 0 to 3 secondary prevention program. At its peak in 2001, \$7.75 million was available through three state budgets, including those for the Departments of Human Services and Community Health, and K-12 School Aid. In the current fiscal year, funding was continued only in the DHS budget.

**Department of Community Health:** The Senate Appropriations Committee has passed its version of the fiscal year 2011 budget. Included are the following affecting young children:

- *Elimination of the Child Care Enhancement Program (CCEP):* The Governor's budget for fiscal year 2011 eliminated the CCEP program (total funding of \$1 million), and the Senate Appropriations Committee concurred. The CCEP, which was formerly known as the child care expulsion program, serves high risk young children experiencing social, emotional and behavioral problems in Department of Human Services (DHS) child care settings. The goal of the program is to promote the social-emotional health of infants and toddlers (birth to 36 months) and prevent expulsion from child care. In the current fiscal year, funding for the program was cut by 40 percent, reducing the number of projects from 16 to 12.

- *Further reductions in health prevention and promotion programs:* The Governor recommended a small decrease (\$39,900) in the Healthy Michigan Fund (HMF) for fiscal year 2011, as well as a 7.7 percent cut (\$2.7 million) in state funds for local public health operations. The Senate Committee approved a bill that consolidates all HMF funding (eliminating appropriations for specific programs) and reduced total funding by another \$5 million. The Senate Committee also restored some of the Governor's proposed cut in public health operations, for a total cut of \$1 million. The Senate Committee includes new budget language that directs the Department of Community Health to place a priority in the expenditure of remaining HMF funds on programs that serve children, including continuation funding for poison control and the Michigan Care Improvement Registry. In the current fiscal year, deep cuts were made in public health programs, including initiatives to reduce disparities in infant mortality, and pregnancy prevention, lead poisoning prevention and maternal and child health services.
- *Further reductions in rates for some Medicaid providers:* The Governor recommended no further cuts in Medicaid rates, eligibility or covered services, contingent on the adoption of a 3 percent physician provider tax. The Senate Committee rejected the tax proposal, and reduced reimbursement rates for physicians by an additional 4 percent—*exempting* primary care services, emergency services, and pediatric and obstetrical services. The Senate Committee also retained budget language allowing higher reimbursements for certain well-child and primary care services. In fiscal year 2008, roughly 1.15 million children, or 45 percent of all Michigan children, were enrolled in Medicaid or MICHild at some time. Young children are even more reliant on public insurance. Reimbursement rates for some Medicaid providers were cut by 8 percent in the current fiscal year, jeopardizing access to care for many low-income children. Between 1999 and 2005, the number of physicians participating in the Medicaid program dropped from 88 percent to 64 percent.
- *No expansions in MICHild eligibility or services:* The Governor recommended no changes in MICHild eligibility, and the Senate Committee concurred. The Senate Committee also shifted the MICHild program to Medicaid HMOs. Recent changes in federal law permit Michigan to increase eligibility for MICHild and receive additional federal dollars, but the State's failure to generate the needed match (with 25 cents in state funding drawing down 75 cents in federal funding) has resulted in the State turning away as much as \$100 million in available federal funding.
- *No restoration of funding for the 0 to 3 secondary prevention or Nurse Family Partnership programs.* Both the Governor and the Senate Committee did not restore funding in the DCH budget (\$524,000) for the 0 to 3 secondary prevention program. Funding was also not restored for the Nurse Family Partnership program (\$1 million).

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