

**Michigan Governor's FY22 Budget Proposal:
Key Achievements and Missed Opportunities for Children, Youth, and Families**

In 2021, Michigan's elected leaders will be responsible for budget choices that position children, youth, and families to thrive during and after this pandemic and economic crisis. Governor Gretchen Whitmer has issued her FY 2021-2022 (FY22) recommendations as work in Congress on more aid accelerates. That federal bill, which will likely pass while legislative budget hearings are commencing, would inject billions of dollars into the state budget for public spending.

As always, the state budget represents our state's priorities, and over the next several months, the legislature will identify where they agree and disagree with the Governor's proposals. As details come out, and the legislature begins its own work, Michigan's Children will dig more deeply into our budget priority areas. Our elected leaders have already voiced priorities for spending federal aid enacted in December 2020 through a supplemental budget, for which we will have analysis soon. But here is a first look at how the Governor's FY22 recommendation would impact children, youth and families:

Key Proposals for Quality Care for Children and Early Learning

The Governor's budget recommendation for child care invests \$292 million in recently-enacted federal child care funds as well as \$75 million in state general funds to:

- Increase income eligibility for the state child subsidy program from 150% to 200% of the federal poverty level (FPL) (from \$39,300 to \$52,400 for a family of four) from April 2021 to September 2022, covering parent co-pays. Then, eligibility decreases to 160% FPL (\$41,920).
- Raise CDC payment rates by 10% for child care providers.
- Determine child care provider payments on enrollment rather than attendance from April 2021 to December 2021, stabilizing provider revenue.
- Increase funding for the Great Start Readiness Program (GSRP) by \$32.2 million to raise the allocation for a full-time preschooler by \$1,025 to \$8,275.

Missed Opportunities

- Further increase in payment rates for providers. In 2019, 50% of families eligible for child care subsidy at the time did not receive subsidy, in large part due to not finding a provider who would accept the low subsidy payment. Many newly-eligible families who all deserve support with child care affordability will experience this barrier.
- Provide \$6.8 million needed to expand the network of infant and early childhood mental health specialists who provide mental health consultation to child care providers statewide.

Key Proposals for Supporting Struggling Families

For families who face identified barriers and instability, the Executive Budget recommendation invests:

- \$7.4 million in federal and state funds to create 1,000 new home visiting slots targeted to at-risk families with an infant born with substance exposure; hire and retain home visiting navigators to improve program referrals; and increase access to behavioral health services.

- \$3.5 million in federal and state funds for home-based programs designed to prevent children from entering foster care, including therapies for youth, for parents of young children, and youth living with specific behavioral or emotional problems.

Key Proposals for Family Skill-Building

For family skill-building initiatives, the Executive Recommendation includes:

- \$120 million in state funds in FY22 to support Michigan Reconnect.
- \$21 million in state funds for Futures for Frontliners for the current fiscal year and \$39 million in FY22 to support the existing population and expanded eligibility for workers who became newly unemployed between Nov. 1, 2020 and Jan. 31, 2021, in industries impacted by COVID-19.
- \$6 million in state funds for wraparound services to address student barriers to program completion, including child care, tutoring, career counseling, and transition assistance.

Missed Opportunities

In 2020, Michigan’s leaders provided no dedicated funding for family literacy programming, which has become more necessary with young children spending more time at home than ever with their families. The recommendation also does not include requirements for a comprehensive needs assessment of parent basic skills or program coordination with other supports. This Executive Recommendation does not reverse that course.

Key Proposals for Access to Learning Supports

For K-12 student learning for FY22, the Executive Budget recommendation includes:

- \$250 million in federal funds for the current fiscal year for services supporting student academic recovery, physical and mental health, and post-secondary readiness and transitions.
- \$61.4 million increase for special education services.
- \$60 million for out-of-school time learning programs for the current fiscal year, and an additional \$60 million for FY22, distributed through intermediate school districts (ISDs).
- \$87 million of Governors Education Emergency Relief Funding for private school aid as required by federal law, and \$39 million for public K-12 schools for the current fiscal year, including:
 - \$2 million to help ISDs identify and re-engage students who became disconnected from learning during the pandemic.
 - \$8.4 million for physical, emotional, and mental health programs.
 - \$6 million to support out-of-school-time programs in low-income communities.
 - \$3 million for *Early On*, identification and services for developmental delays.
- \$12.5 million increase for academically at-risk, economically disadvantaged students.
- Small increases in funding for both English Language Learners and rural and isolated districts.
- \$203 million to increase the minimum \$8,111 per-pupil foundation grant by \$82 and the target of \$8,529 by \$164, as well as \$200 million to districts with rapidly declining enrollment.

Missed Opportunities

In 2020, state leaders failed to invest in specific supports that would reduce inequities in high school graduation for students experiencing instability or adjudication, as well as dedicated transition supports for students with disabilities. Despite many key K-12 and workforce proposals that could support some in these populations, but dedicated resources are necessary.

Key Proposals for Keeping All Families Strong

- \$26.5 million in federal and state funds for expansion of Certified Community Behavioral Health Clinics. CCBHCs are Medicaid-funded sites that provide 24-hour crisis care, care coordination, and family and peer support counseling for adults with mental health or substance use disorders and children with serious emotional disturbance, regardless of a patient's insurance status.
- \$110 million in federal and state funds to permanently continue the \$2-per-hour wage increase for direct care workers through Medicaid-funded behavioral health supports and long-term care.

Missed Opportunities

In 2020, Michigan's leaders missed an opportunity to provide support for community-based child abuse and neglect prevention councils and service providers through the Children's Trust Fund (CTF) to meet the rising epidemic of family stress and instability related to COVID. Congress is considering a significant increase in Community-Based Child Abuse Prevention funding, whose formula rewards states for increased match relative to other states. Michigan has fallen behind other states consistently as state revenues for the CTF have fallen. This Executive Recommendation does not reverse that course.

Other Key Proposals

The Governor also proposed investments that would help prevent family instability stemming from involvement with the criminal justice system, and into programs that turn utilize the legal system as a service intervention space rather than punitive a space, including:

- \$149 million for compliance with new indigent legal defense commission standards.
- \$20 million to implement Clean Slate reforms and Jail & Pretrial Incarceration Task Force recommendations.
- \$10 million to provide behavioral health crisis and domestic violence response training to public safety personnel statewide.
- Continuation of \$600,000, but no increase, in grant support for problem-solving courts.

Other Missed Opportunities – Supporting Successful Youth Transitions

Michigan's leaders in 2020 neglected 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, through:

- Increased postsecondary scholarship funding dedicated for young people who have experienced foster care.
- Expansion of the Michigan Youth Opportunity Initiative (MYOI) to ensure consistent and comprehensive access now when young people experiencing foster care are as vulnerable as they have ever been.

This Executive Recommendation does not reverse that course. The Executive Budget recommendation also neglected to build on a recent small increase in funding for runaway and homeless youth services, which are experiencing increased needs and costs and anticipating continued need due to residual pandemic effects from youth and families. Many of the youth served by these programs are quickly reunited with their families, avoiding homelessness or child welfare involvement altogether.