

September 2021

The FY22 Michigan State Budget

The Legislature and Governor have enacted a full state budget for the 2021-22 Fiscal Year beginning October 1. The new budget leaves Michigan with large surpluses in unspent federal funds and state funds, which will lead to new negotiations for spending priorities this fall. Here is what's in, and what is left unfinished, in the FY22 state budget:

A Healthy Start

The FY22 State Budget includes a total of \$16.3 million state and federal funds to continue and expand the Healthy Moms Healthy Babies Initiative, which includes:

- Creating 1,000 home visiting slots, including individualized support and dedicated health services, for families with an infant born with substance exposure; and
- Continuing Medicaid coverage for new moms for one year after birth and ensuring earlier and more frequent check-up visits to better meet postpartum needs.

The budget also includes \$3 million in increased state and federal funds to expand access to oral health assessments for children entering kindergarten who lack dental health insurance.

Keeping All Families Strong

The budget invests in increased access to mental and behavioral health services, including:

- \$91 million in state and federal funds to facilitate changes related to the K.B. v. Lyon lawsuit agreement, which requires the state to improve mental and behavioral health service access for children who are enrolled in Medicaid and the child welfare system;
- \$5 million in matching state funds for a [federal Certified Community Behavioral Health Clinics](#) program to establish 14 integrated behavioral and physical health clinics;
- \$4.4 million for behavioral and physical health services to multicultural populations;
- \$2 million to improve behavioral health crisis stabilization units and psych wards; and
- \$1.3 million increased funds for the [MIDOCs program](#) to help meet the statewide workforce shortage of pediatric psychiatrists.

While the budget provides no increased state funding for primary child abuse and neglect prevention programming, the budget allocates the full increased federal Community-Based Child Abuse Prevention grant, totaling \$7.1 million, for expenditures.

Quality Care for Children

The budget invests \$1.49 billion in Michigan's child care system utilizing federal funds from the American Rescue Plan Act (ARPA) (passed March 2021), and the Coronavirus Response and Relief Supplemental Appropriations Act (passed December 2020), allocating these funds to:

- *Stabilize the Child Care System:* The budget grants \$700 million for child care providers to stay open. Bonuses will be offered for providers who offer off-hours care, who serve children with a subsidy or with special needs, and who have a published quality rating.
- *Increase Provider Payments:* For all provider types accepting the Child Development and Care (CDC) subsidy, the reimbursement rate will increase by 30%, through September 30, 2023, and will temporarily increase through September 30, 2022, starting at 50% above that new rate and ending at 30% above the rate. Providers will also be paid based on enrollment instead of attendance for two years.
- *Expand Family Subsidy Eligibility:* The budget expands family income eligibility for the CDC program from 150% of the federal poverty level (FPL) (\$39,750 for a family of four) to 185% of the FPL (\$49,025) through September 30, 2023. After two years, eligibility will be set to 160% of the FPL (\$42,400). Family co-pays through the CDC program are waived through September 30, 2022.
- *Expand Child Care Slots:* The budget includes \$36 million to contract with providers for slots for infants and toddlers in diverse geographic regions where there are shortages of Infant/Toddler care. The budget also sets \$100 million for grants for new or expanding providers for technical assistance, facility improvements and other start-up costs.
- *Strengthen the Child Care Workforce:* The budget includes one-time \$1,000 bonuses for child care workers. The budget also provides level funding of \$1.5 million for two straight years to continue the Infant and Early Childhood Mental Health Consultation program (IECMHC), which offers behavioral supports for providers and parents to prevent disruptions from a child care expulsion in a limited number of counties.

Resources for Learning

The budget includes \$5 million in state General Funds (GF) to continue a competitive grant to community-based agencies for in-person before and/or after school programs for grades K-8.

Read our [FY22 K-12 School Aid Budget Basics Summary](#) for more information on the increased investments for K-12 students this school year.

Skill-Building for Families and Young Adults

The budget includes funding increases for skill-building programs for adults, while missing dedicated investment for programs for adults without a high school diploma (*see the Missed Opportunities section below for more information*), including:

- \$25 million to expand the [Futures for Frontliners program](#) to increase postsecondary education access for frontline workers, and an additional \$6 million for wraparound

services for these students including child care, personalized advising, tutoring, career counseling, and assistance with transition to a 4-year program;

- \$11 million in state funds to expand access to the [Michigan Reconnect Program](#) which offers a pathway to postsecondary education for adults age 25 and older with a high school diploma; and
- \$11 million in state funds to expand the [Going PRO program](#) which provides employer-based training grants.

Supports for Struggling and the Most Vulnerable Children and Families

The budget allocates \$9.2 million in state and federal funds to hire 16 kinship parent support coordinators within child welfare family preservation programs to help prevent children being placed into foster care and help keep foster care children in family-like placements.

Additional funding provisions include:

- \$16 million to continue overhaul of child welfare data systems to improve communication and services access for children, youth, families, and caregivers in the system;
- \$800,000 GF to increase the per diem rate for adult homeless shelters from \$18 to \$19;
- \$500,000 GF for [Court-Appointed Special Advocates](#) to represent children and youth interests in select counties;
- \$500,000 GF to improve the quality of legal representation for children and parents in child protective hearings, by reducing the caseloads of legal guardians ad-litem (LGALs), elevating LGAL training requirements, improving LGAL communication with families, and expediting LGAL timeliness of completion of necessary legal activities; and
- \$50,000 GF for caseworkers to provide immediate assistance for urgent needs.

Successful Youth Transitions

The budget appropriates \$10.2 million in federal American Rescue Plan Act (ARPA) funds for the Chafee program for older youth transitioning from foster care, and a \$1.3 million expansion for Education and Training Vouchers for this population. These programs provide grants to youth to assist with affording housing, transportation, tuition, and other essential needs.

The appropriation of these funds will also mean that youth aged 23-26 who recently aged out of foster care, many of whom did not receive a “stimulus payment” due to the rules of that federal program, can access one-time cash assistance.

Missed Opportunities

While significant, the budget agreements reached this summer still do not provide every necessary support for ensuring that children, youth, and families can survive and thrive in the face of ongoing challenges from the COVID-19 pandemic and economic crises, including:

Adult Education and Skill-Building

The previously passed State School Aid Act maintained Adult Education funding at \$30.5 million with \$4 million for Career and Technical Education training, but amends the funding formula to allocate funding based on various weights of different Census data. This change will deliver increased resources to some regions of the state, but only at the expense of regions that also carry significant need. Michigan's state budget must ensure increased resources for adult learners statewide based on what's needed to educate them. The state budget does not also address the many challenges facing adult learners including technology access, successful transition to postsecondary and training programming, and more.

Afterschool and Summer Learning Statewide Investment

The \$5 million provided in the budget will scarcely meet the \$50 million in unmet need for out-of-school time learning opportunities to help students accelerate their skills and learning.

Kinship Care Navigator Services

The budget does not provide funds for a statewide Kinship Care Navigator program to help kin caregivers understand their options for care and to access resources.

Runaway and Homeless Youth Services

The budget contains no dedicated increases for Runaway and Homeless Youth services. These programs prior to the pandemic had already closed in a number of Northern Michigan counties and have struggled to retain quality staff and meet new licensing guidelines as costs and stress have grown during the pandemic.

Other missed opportunities include:

- \$10 million in funding to rejuvenate the [Michigan Housing and Community Development Fund](#) which launches projects to meet low-income household affordable housing needs;
- No dedicated funding increase for the statewide [Michigan Youth Opportunities Initiative](#) to ensure consistent and comprehensive access to peer support and transition opportunities for young people experiencing foster care;
- No increase for postsecondary scholarship funding dedicated for young people who have experienced foster care;
- And while the budget includes \$2 million in state funds to open child savings accounts to support wealth building for low-income children, youth, and families, no immediate direct income supports for low-income families are provided.

Lawmakers will immediately begin supplemental budget negotiations to allocate over \$6 billion in remaining ARPA funds and also approximately \$2.8 billion in unspent state revenues. Look for more information from Michigan's Children regarding how these surplus funds can be used to ensure that children, youth, and families can thrive.