

July 2022

## The FY23 Michigan State Budget

The Legislature and Governor have enacted a full state budget for the 2022-23 Fiscal Year beginning October 1. While spending billions in additional one-time funds, the new budget continues to leave Michigan with large surpluses in unspent federal and state funds for continued negotiations around tax reform and additional spending this fall. Here are their priorities, along with what was left out of the FY23 state budget:

### A Healthy Start

The FY23 budget provides \$7.1 million in increased School Aid Funds for a total of \$21.25 million to **expand Early On services** for children birth to 3 years old with developmental delays or disabilities.

### Missed Opportunities

The budget has flat funding for voluntary **home visiting services**. The Governor recommended a \$2 million increase to expand access to more families and increase frequency of visits based on family needs, but the Legislature did not include it. The budget also has flat funding for **Great Start Collaboratives** at \$13.4 million. The Governor recommended \$7.5 million more to increase access to these programs that engage families, but the Legislature did not include it.

### Keeping All Families Strong

The budget invests in increased access to mental and behavioral health services as well as cash assistance for struggling families, including:

- \$279 million in combined state and federal funds to **expand access to behavioral health services** statewide, including \$56 million to expand the number of psychiatric beds for people needing intensive behavioral health care, \$50 million for pediatric behavioral health services, and \$30 million for crisis stabilization units that provide an alternative option than police response to 9-1-1 calls.
- \$10 million dollars in **student loan forgiveness for behavioral health professionals** in exchange for an agreement to provide services in-state for at least two years.
- \$4.2 million increased TANF funds for **diaper assistance for lower-income parents**.
- \$4.2 million increased TANF funds for annual **\$600 supplements per child under age 6** for families receiving cash assistance through the [Family Independence Program](#) (FIP).
- \$1.5 million in increased TANF funds to **increase the monthly FIP payment** to enrolled families by \$71.05 to a total of \$300.36
- \$1.2 million in state funds to **expand the Healthy Moms Healthy Babies** programs to include professional doula services for high-risk pregnant women and new mothers.

- \$1.1 million in state funds to **end the garnishing of child support payments** to parents involved in the FIP program, a practice that had been used to fund program costs.

### Missed Opportunities

The budget provides no increased resources for primary child abuse and neglect prevention through [Children Trust Michigan](#) (formerly known as the Michigan Children’s Trust Fund).

### **Quality Care for Children**

While the budget does not increase state revenue investment into expanding affordable child care access, it does allocate unspent federal child care funds towards important investments, including:

Child Care Stabilization Grants: At least one new round of grants for providers through the child care stabilization grant program before the end of FY 2021-22, and potentially more in the future for as long as stabilization funds remain.

Improved Provider Payments: Supplemental funding will be used not only to expand reimbursement rates to a yet undetermined amount but also to continue biweekly payments to providers in the [Child Development and Care \(CDC\)](#) subsidy program based on part-time and full-time attendance instead of hourly reimbursements.

Expanded Family Eligibility: Funds will be used to raise the income eligibility threshold for families to the CDC program to a yet undetermined amount.

Mental Health Consultation: A \$3 million increase to \$4.5 million total for additional mental health consultation, available to licensed child care providers in [certain counties](#), to reduce behavior disruptions, expulsion, and parent job disruptions, and enhance teachers’ social-emotional skills.

Reduced Family Contribution: Eliminates co-pays for families enrolled in the CDC program for the entirety of FY 2021-22 and FY 2022-23.

Business Support: \$3 million for a statewide pilot program to assist providers in adopting business practices that best serve Michigan families.

### **Resources for Learning**

The FY23 School Aid Budget includes a total of \$2.6 billion in increased federal funds and School Aid Funds (SAF), a 19% total increase. Though a portion of these are one-time funds, this is the highest School Aid Budget yet under the current system of school funding, which began in 1994. Many of the funds will expand educational supports for students, including:

- \$610 million SAF to **increase the per-pupil “foundation grant”** from \$8,700 per student to \$9,150 per student.
- \$475 million SAF for **school infrastructure improvements** and an additional \$20 million for a school infrastructure needs study.
- \$359 million in combined funds to continue pandemic expansions to **child nutrition and food distribution** programs.
- \$312 million SAF to **expand K-12 special education services**.
- \$223 million SAF to **increase funding for economically disadvantaged students**.
- \$158 million SAF to **improve school safety** across all school districts including law enforcement coordination, safety infrastructure, and training for school resource officers.
- \$150 million in grants for school districts to **expand student mental health services**, with an additional \$25 million to expand services for general education students, and an additional \$50 million to expand mental health training through the [TRAILS](#) program.
- \$34 million SAF to **increase [Great Start Readiness Program](#) public preschool funding** per child from \$8,700 to \$9,150 for a full-day program—an amount equal to the foundation allowance—and from \$4,350 per pupil to \$4,575 for a part-day program.
- \$25 million SAF to **expand access to school-based health centers** which connect students in their school building to critical physical and mental health services.
- \$25 million in federal funds to **expand access to after-school and summer learning programs** that expand out-of-school learning opportunities for children.
- \$20 million SAF to **expand career and technical education (CTE) programs** and to recruit and retain CTE instructors.
- \$1.3 million SAF to **increase funding for English Language Learner** students.
- \$1 million in state funds for the [School Success Partnership](#) to continue to expand community school integrated student services in Northwest Michigan.
- A re-appropriation of \$52 million in federal COVID education funds for per-pupil payments to districts to execute plans to **address learning loss**.

The budget also sets aside \$290 million in SAF and federal funds for initiatives to grow and strengthen the K-12 workforce, both for teachers and other key school professionals, including:

Grow Your Own Programs: \$175 million for districts and ISDs to provide a no-cost pathway to support staff members and students in grades 6-12 to become certified teachers. Recipients must agree to teach in that district for the same number of years funding was received.

Student Teacher Stipends and Scholarships: \$50 million is set aside to pay student teachers a stipend of up to \$9,600 per semester; \$25 million is set aside to provide up to three years of \$10,000 per-year grants to cover college costs for students getting their initial teacher certification, upon agreement that the student works in a Michigan public school or preschool for 3 to 5 years for every year they’ve received an award.

Alternative Teaching Paths: \$25 million for additional [Teach for America](#) slots; \$15 million for a mentorship training program for veterans that leads to teacher certification.

### Missed Opportunities

The budget sets aside \$1.15 billion SAF to cover costs for the state's educator retirement benefits. This comes at the expense of long-term improvements that could have been made, for example, for additional recruitment of student support professionals.

### **Skill-Building for Families and Young Adults**

The budget sets aside \$250 million for a **postsecondary scholarship program** whose details will be determined later, and provides \$55 million in increased funds for universities and \$12 million in increased funds for community college programs. However, the budget is missing dedicated investment for programs for adults without a high school diploma. (See *the Missed Opportunities section below for more information.*)

### **Supports for Struggling and the Most Vulnerable Children and Families**

The budget allocates \$200,000 to MDHHS to continue **the Kinship Advisory Council** with the following expectations set into budget rules:

- Establishment of a campaign to educate the public about kinship caregivers;
- Consult and coordinate with a kinship caregiver navigator program to collect data;
- Maintain a list of local support groups and programs that serve kinship families; and
- Improve collaboration between states, counties, agencies, and stakeholders to improve services.

The budget also allocates some additional funds to improve services for children, youth, and families who have experienced significant trauma, including:

- \$36 million for **increased payments to foster and adoptive parents, and kin caregivers** who are officially enrolled in the child welfare system.
- \$12 million to continue **overhaul of child welfare data systems** to improve communication and access for children, youth, families, and caregivers in the system.
- \$6 million in state funds for **supportive housing** for families at risk of entering foster care, birth parents working towards reunification, and older youth aging out of care.
- \$2.5 million to fund a **child welfare day treatment program** in the Saginaw area targeted to children ages 7-18 who have been expelled or are at risk of being expelled from school with behaviors that threaten the stability of their foster care placement.
- \$2.1 million in increased funds for **safe housing for survivors of human trafficking**.
- \$1 million in increased funding for **child advocacy centers** to support children who have experienced abuse and neglect and their parents
- \$2 million in state funds for a new program **connecting youth in foster care with disabilities with individuals who can advocate for their needs**.
- \$500,000 in state funds to start up additional **in-home care programs** for youth involved in the juvenile justice system as an alternative to residential placement.
- \$372,000 in state funds to re-hire **Education Planners** who help ensure that educational decisions affecting children in foster care are ensuring progress towards high school graduation and postsecondary success.

- \$100,000 to **reimburse the costs of participating in extracurricular activities** for children and youth experiencing foster care.

### **Significant 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 budget maintains **Adult Education** funding at \$30.5 million with \$4 million for Adult Ed Career and Technical Education (CTE), but tightens the Adult Ed CTE program rules to require increased enrollment of students who do not yet have a GED. Adult education programs by law serve not only adults who do not have a diploma but also adults who have a diploma but who test at very remedial skill levels. The state must eliminate its percent requirement or at least should apply this metric to CTE programs as a state cohort rather than individually. 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.

#### *Michigan Reconnect*

The House recommended \$203.5 million in School Aid Funds to continue 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 to expand the program to include adults aged 21-24. However, the final budget did not include this increase.

#### *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 several Northern Michigan counties and have struggled to retain quality staff and meet new licensing guidelines as costs and stress have grown during the pandemic.

#### *Successful Youth Transitions*

The state budget provided no increased funds to scale up proven statewide transition supports for older youth experiencing foster care, including expanding the [Michigan Youth Opportunities Initiative](#) to ensure consistent and comprehensive access to peer support and transition opportunities for young people experiencing foster care, or increasing the [Fostering Futures postsecondary scholarship](#) dedicated for young people who have experienced foster care.

For even more details on the budget agreement, click to read the [Education Budget summary](#) and the [General State Budget summary](#). Lawmakers will now break to campaign for their primary races and are expected to reconvene in mid-September to begin supplemental budget negotiations focused on tax reform and additional budget priorities. Stay tuned for more from Michigan's Children on how the surplus can be used to help children, youth, and families thrive.