

Budget Basics

Detailed information and recommendations regarding State of Michigan budgets.

for Child and Family Advocates



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UPDATE: Michigan's Commitment to Children - Rhetoric or Reality? Trends in State Spending on Services for Children and Families

Funding growth and new programming to help Michigan children during the past decade has fallen by the wayside as the state reduced its revenue base and wrestled with a stagnant economy. But just as the state struggles to stretch its pocketbook, so do families - many more of whom are in need in these trying times.

In the competition for an ever-shrinking piece of the budget pie, we looked at how Michigan's most vulnerable citizens, its children, fared in this competition for scarce resources.

For a complete analysis, go to www.michiganschildren.org.

Meeting children's basic needs.

Summary:

After several years of decline, welfare caseloads and expenditures have been on the rise since 2001, and the number of Michigan children living in poverty has grown to 19 percent, a 31 percent jump since 2000. The failure to increase grant levels to reflect inflation has thrust many Michigan children deeper into poverty.

Since 2001:

- *Welfare funding* – Up 10 percent, to \$354.7 million in FY 2007 for Michigan's Family Independence Program (FIP). The funding is down about 10 percent from 2006. Much of that drop, \$23.5 million, will be used to create the Jobs, Education and Training (JET) pilot program aimed at reducing welfare caseloads.
- *Caseloads* - Rose 14 percent, from a monthly average of 69,548 to a projected 79,007 in FY 2007.

- *Aid to families* - Monthly FIP grant levels to most families have remained unchanged since 1993, causing the purchasing power of the grant to decline by over one-third. The maximum payment rate now is at about 37 percent of poverty.
- *Clothing allowance* - Children receiving FIP had their annual clothing allowance cut from \$75 a year to \$25 per year in 2003, and limited to school-age children. The clothing allowance now is \$47.50 per child annually.
- *New program* - The 2007 budget includes \$4.2 million for marriage and fatherhood initiatives and related programs.

Preventing child abuse and neglect.

Summary:

Funding for most of the major child abuse and neglect prevention programs has been cut since fiscal year 2000, even as the number of child abuse victims grew 5 percent and foster care placements increased nearly 28 percent.

Since 2001:

- *Family preservation and prevention services* – Funding for a variety of programs promoting family stability and preventing child abuse and neglect has dropped from \$78 million to \$67.1 million in 2007. That's up from \$66.1 million in 2006.
- *Child Advocacy Centers* - In 2002, an Executive Order eliminated state funding for 9 child advocacy centers that investigate and assess child abuse victims.
- *Protective Service workers* – Lawmakers added

funding for 51 additional child protective services workers, an increase of 7 percent in the 2007 budget. Funding also was included for an additional five licensing consultants, at least half of whom must be assigned to high-risk cases involving death or serious injury, alleged abuse, neglect or endangerment, or any situation threatening a child's life.

Ensuring that children enter school ready to learn.

Summary:

After five years of major cuts in programs designed to help make all children ready for school, lawmakers raised funding for early childhood services by about \$7.7 million in 2007. Still, overall funding is down 34 percent since 2001, restricting access to preschool for more than 16,000 income-eligible four-year-olds.

Since 2001:

- *Preschool programs* – Funding for at-risk children to attend the Michigan School Readiness Program rose from \$72.6 million to \$78.6 million in the 2007 budget, the program's first boost since 2000. Despite the extra \$6 million, increasing costs and added spending options mean the MSRP fund will fall between \$6 million and \$15 million short next year. No changes were made in the per-slot allotment, which has remained flat at \$3,300 per child annually since 2000.
- *Full-day preschool* – Total funding of \$16 million was eliminated in 2002 and never restored, excluding many at-risk children from participating in high-quality preschool programs because their parents work.
- *Home visiting and family support programs* – Total funding of \$45 million a year for the All Students Achieve—Parent Involvement and Education program (ASAP-PIE) was ended in FY 2003.
- *Parent Involvement Grants*: Lawmakers increased funding from \$3.3 million in 2006 to \$5 million in 2007 for Great Parents/Great Start grants to intermediate school districts for programs for parents with preschool age children. The goal of the program is to encourage early literacy, improve school readiness, strengthen families, improve parenting, and reduce the need for special education services.
- *New funding* – The 2007 budget also included \$1 million in new funding for competitive grants to create community Great Start Collaboratives to expand high

quality early childhood, parenting and child care programs.

Providing high quality child care.

Summary:

Funding for child care subsidies to low-income families went from unprecedented growth in the late 1990s and early 2000s to steady decline since 2004. Eligibility and rate cuts have left fewer families able to access quality child care and fewer quality caregivers able to provide services. Today, three of every five low-income children whose care is supported by a subsidy in Michigan are in unregulated care.

Since 2001:

- *Child care subsidies* - Responding to federal and state welfare reform, funding for child care subsidies jumped nearly 150 percent between 1997 and 2003, from \$202.6 million to \$499.2 million, but has dropped every year since, down to \$462 million for 2007.
- *Before and after-school pilot projects* - Funding was reduced from \$16 million in 2001 to \$5 million in 2005, a 69-percent drop. No new money was added in the 2006 or 2007 budgets.
- *Eligibility changes for child care subsidy* - Eligibility was reduced from 185 percent of poverty to 150 percent in 2003, cutting some families from the subsidy program. The following year, the maximum number of hours of child care that could be reimbursed was reduced from 140 to 100 hours in a two-week period.
- *Provider payment* - Funding for payment increases to infant and toddler caregivers who completed 15 hours of approved child care instruction dropped from \$16.7 million in 2001 to \$8 million in 2002. All other provider payments have remained stagnant at the 75th percentile of the 1996 market rate.
- *Additional cuts* - In 2002, a child care accessibility fund pool was eliminated for a savings of \$9.1 million. In 2006, lawmakers ended EQUIP (enhance quality improvement program), which gave grants to providers for enhancing quality and expanding availability of care for infants and special needs children. Budget language authorizing the restoration of EQUIP was included in the 2007 budget.
- *Monitoring and licensing* - The number of licensing staff charged with ensuring safety and quality in child

care settings has been cut by one third (from 90 to 63 consultants or investigators statewide), and consultant caseloads swelled from 240:1 to 300:1.

Ensuring that children are healthy.

Summary:

Spending for Medicaid services continues to grow in Michigan, as caseloads increase. Meanwhile, funding has been cut in preventative services. Today, one in five Michigan children is born to a mother who had inadequate prenatal care. Nearly one of every ten is born low-weight, placing them at risk of a range of poor developmental outcomes and chronic illnesses. Approximately 1,000 Michigan infants die each year before their first birthday.

Since 2001:

- *Medicaid spending* - Payments to hospitals increased 58 percent (from \$713 million to \$1.1 billion), physician payments increased 81 percent (from \$152.5 million to \$276.5 million), and the cost of HMO services increased 86 percent (from \$1.3 billion to \$2.5 billion).
- *Medicaid caseloads* - More than 1.4 million Michigan citizens are covered by Medicaid, including approximately 800,000 children and 40 percent of all births in the state. Half of all Michigan children under the age of one are insured by Medicaid as are two of every five preschoolers and one of every four school-age children.
- *Adolescent health services* - School-based adolescent health clinics have grown, thanks to additional federal dollars. No new state funding was added in the 2007 budget, leaving funding at \$3.743 million.
- *Vision and hearing screenings* - Funding was halved in 2006, but lawmakers moved the expenditure from the Department of Community Health to the School Aid Fund in the 2007 budget with the expectation that spending would be restored to previous levels.
- *School health curriculum* - In 2004, funding for the Michigan Model school health curriculum was reduced from \$3.6 million to only \$500,000, a cut of 86 percent. No new money was added in 2007.
- *Infant mortality prevention* - In 2005, lawmakers earmarked \$1 million to reduce deep disparities between

death rates of African American and other infants. Funding was cut 10 percent to \$900,000 in 2006 and in 2007. An additional \$400,000 is in the 2007 budget for an expansion of the Nurse Family Partnership Program providing intensive services for at-risk mothers and babies.

- *Children's waiver home care program* - Funding for the program, which helps prevent institutional care for children with disabilities, fell from \$22.4 million in 2001 to \$19.5 million in 2006, a drop of 13 percent. No new funding was added in 2007.
- *Prenatal care outreach and support* - Funding for outreach and advocacy services for low-income women fell 30 percent from \$4.3 million in 2001 to \$3 million in 2007.
- *Local maternal and child health services* - Funding to local health departments to improve maternal health and prevent infant mortality fell by 19 percent, from \$9 million in 2001 to \$7.3 million in 2007.
- *MiChild* - Funding for the program providing health care coverage to children in low-income working families dropped 19 percent from \$57.6 million in 2001 to \$46.6 million in 2007. Funding for outreach for the program was eliminated. The 2007 budget also increased the monthly family premium from \$5 to \$10.



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