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STATE UPDATE

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Matt Gillard

mgillard@ecic4kids.org

The Legislature limped into its two week Spring Break with both the House and Senate failing to accomplish what they had hoped to in terms of the fiscal year 2011 budget. The Senate did move all of the budget bills that started in the Senate this year, including the School Aid budget and the Department of Community Health budget. The fiscal year 2011 School Aid budget passed by the Senate this week maintained the same funding levels for early childhood programs as proposed by Governor Granholm last month. The bill did not include language the Governor had added protecting Great Start Readiness Program (GSRP) monies from being distributed for other purposes, however. Under the Senate bill, school districts would once again be allowed to re-direct GSRP funds. The Senate bill also relies on a transfer of \$195 million in General Fund dollars to help mitigate the cut to local school districts.

The Department of Community Health budget passed by the Senate this week contained a number of cuts that would be devastating to critical early childhood services if ultimately enacted. The Senate bill cuts Healthy Michigan funding by \$5 million (46%) and non-Medicaid community mental health services by \$57.494 million (20%). Significant portions of both of these programs are dedicated to helping children. Additionally, the Senate bill transfers the MICHild program away from Blue Cross Blue Shield to the Medicaid Health Maintenance Organizations in an effort to save money. Many early childhood advocates fear this shift will create more access issues for young children trying to find primary care doctors. The Senate bill also fails to restore any funding for 0 to 3 Secondary Prevention programs and for the Nurse Family Partnership program. These bills as well as the other budget bills passed by the Senate this week now head to the House for their consideration.

The House had also hoped to pass all of the budget bills that started in their chamber this week, but were ultimately unable to do so. The intention had been to pass budget bills that reflected current revenues absent any increases to show both House members and the general public that new revenues were needed. The less controversial budgets were passed but both the Department of Transportation and Department of Human Services budgets were unable to make it through the House. The Department of Human Services budget remains



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517.371.9000 phone

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221 N. Pine - Lansing, MI 48933

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in the House Appropriations committee and will undoubtedly be a major focus of attention when the Legislature returns in two weeks.

The Senate failed to pass either of the reform measures they had hoped to use to help balance the fiscal year 2011 budget. The resolution required to stop the scheduled 3% pay raise for unionized state employees set to take effect October 1st didn't receive the necessary two thirds vote in the Senate as the Senate Democrats almost unanimously opposed the measure. Similarly, the legislation needed to implement the Governor's early retirement proposal also stalled in the Senate as the Michigan Education Association rallied opposition to the plan. The Legislature's inability to reach agreement on these two reforms does not bode well for anyone hoping to avoid massive program level cuts during this year's budget debate. House Democrats, Senate Republicans, and Governor Granholm have all proposed significant reforms as a method of dealing with the budget deficit. If major reforms are able to be agreed upon by the Legislature and the Governor it could greatly mitigate the necessity for additional significant program level cuts to balance the \$1.6 billion shortfall.



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