



THE EARLY CHILDHOOD INVESTMENT CORPORATION

CAPITOL

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STATE UPDATE

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The Legislature returned to Lansing for one day this week but no progress was made on the looming General Fund budget dilemma. With the School Aid funding plan for fiscal year 2011 already in place, lawmakers and Governor Granholm are now focused on finding a solution to the General Fund deficit. Struggling income tax revenues combined with Congress' inability to pass an extension of the enhanced FMAP benefits to states has created a huge deficit in the state's General Fund. The exact size of the deficit is not yet determined and there is still a slight chance that Congress will be able to pass some version of the FMAP legislation to provide relief to the over 30 states that are facing significant budget challenges.

Senate Majority Leader Bishop has vowed to present a Senate Republican plan that relies solely on spending cuts while Governor Granholm continues to assert a solution can not be found without increased revenues. These negotiations are likely to continue until well after Labor Day and right up to or even beyond the October 1st deadline. Although early childhood interests fared pretty well in the School Aid budget that was recently passed, the General Fund deficit places many early childhood programs in jeopardy of reductions or elimination. Some of the major areas of concern for early childhood advocates in the ongoing General Fund negotiations include but are not limited to:

- Child Care Enhancement Program (CCEP); \$1 million in Department of Community Health (DCH) budget.
- Healthy Michigan Fund; funds various early childhood services in DCH budget
- MICHild mental health provider reimbursement rates; DCH budget
- Reimbursement to Medicaid providers; DCH budget, recent reductions have created significant access to primary care issues for families of young children throughout the state.
- Funding for 0-3 Secondary Prevention Programs; DCH and Department of Human Services (DHS) budgets
- Funding for Nurse-Family Partnership program; DCH budget
- Child Care Development Fund (CCDF); DHS budget, subsidy rates and overall funding has been drastically reduced in recent years

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- Child Care Quality Improvements funding; DHS budget.

As current legislators are spending time back in their districts meeting with constituents, it is important that they hear from early childhood supporters about these issues. Also, with the Primary election right around the corner, we need to continue to push the candidates to express their support for investment in quality early childhood initiatives.