

STATE UPDATE

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With the Legislature speeding toward a scheduled two week break surrounding Easter, activity has reached a frenzied pace as both chambers rush to get budgets out before the hiatus. Notable actions this week include:

- The Senate sent the first fiscal year 2009 supplemental containing stimulus dollars for specific transportation projects to the Governor for her signature.*
- The House Appropriations School Aid Subcommittee reported out the fiscal year 2010 budget with restored funding for Great Parents, Great Start and other early childhood programs. The bill also contained language directing the ECIC and the Department of Education to study collaborating early childhood funding into a Great Start Strategic Fund.*
- The House Appropriations Subcommittees on Department of Community Health, Department of Corrections, and Higher Education also reported out their respective fiscal year 2010 budgets. All of these bills are expected to be passed by the House Appropriations Committee and on the House floor next week.*
- The Senate Appropriations Committee reported all of the first Senate fiscal year 2010 budget bills to the Senate floor. These bills are expected to be passed by the Senate next week.*
- The House passed the second fiscal year 2009 supplemental containing federal stimulus dollars totaling roughly \$ 2 billion. Included in this is \$ 390 million in Title I grants to local school districts and numerous other grants to local agencies. In a procedural move, the House Republicans withheld immediate effect on this bill, making its future uncertain.*
- In policy matters, the House finally passed the expansion of sinking funds legislation, which would allow local school districts to ask voters to approve millages for transportation and technology upgrades. Drug immunity, a smoking ban, and pay cuts for elected officials are also moving at varying speeds through the legislative process.*

The budget discussions continue to dominate the activity in Lansing. Each legislative chamber is pushing to get the fiscal year 2010 budgets that were first referred to their chamber passed before the scheduled break.

State revenues continue to decline dramatically and nearly all of the budgets passed by the respective chambers thus far have actually increased spending over the Governor's recommendations. Unfortunately, we are likely to see many different reports and figures from the Legislature until after the May revenue estimating conference, at which time we will have official, up-dated projections for fiscal year 2010 revenues.

On the other hand, the urgency displayed by the Legislature in moving the Governor's fiscal year 2009 transportation stimulus supplemental is certainly a positive sign. Even more telling will be the Senate response to the second stimulus proposal that was sent to them by the House this week. The House Republican's refusal to give the bill immediate effect may be a troubling sign for the legislation and the local entities that would be recipients of these funds.

On the issue of a Great Start Strategic Fund, we believe this is the best way to provide long-term, stable funding for early childhood programs. We also believe the creation of such a fund is the only realistic opportunity for growth in overall funding for early childhood in these difficult economic times.

FEDERAL UPDATE

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The following memo provides a summary of public policy issues of interest to the Early Childhood Investment Corporation.

Budget and Appropriations Update

*The House Budget Committee released its Chairman's Mark of the FY 2010 budget resolution today. The resolution sets forth next year's Congressional budget and makes investments in education, health care reform, and energy independence while taking steps to cut the budget deficit in half by 2013. According to the Chairman's press release, the budget builds upon investments in education made in the *American Recovery and Reinvestment Act (ARRA)* earlier this year. "The budget accommodates the President's proposals for new initiatives in early childhood education, effective approaches to making sure all children learn and achieve in school, and continuing to raise the maximum Pell grant award."*

The Chairman's Mark includes a deficit-neutral reserve fund for home visiting, which is one of President Obama's early childhood priorities. The resolution language states:

SEC. 311. DEFICIT-NEUTRAL RESERVE FUND FOR HOME VISITING.

The chairman of the Committee on the Budget may revise the allocations, aggregates, and other appropriate levels in this resolution for any bill, joint resolution, amendment, or conference report that provides funds to states for a program or programs of home visits to low-income mothers-to-be and low-income families which will produce sizeable, sustained improvements in the health and well-being of children and their parents, by the amounts provided in such measure if such measure would not increase the deficit or decrease the surplus for either time period provided in clause 10 of rule XXI of the Rules of the House of Representatives.

The budget resolution also includes language intending to preserve Medicaid and middle class tax relief, including a \$ 1,000 child credit, education incentives, and other incentives for middle class families and children, regardless of federal tax revenues.

The House Budget Committee's Chairman's Mark is available at http://budget.house.gov/doc-library/FY2010/03.25.2009_mark_leg_text.pdf.

The Senate Budget Committee also released a summary of its Chairman's Mark today, but the resolution language is not yet available.

Zero to Three Conference Call on Using Stimulus Funds for Young Children

On Wednesday, March 18, the Zero to Three Policy Center held a conference call to discuss the various planning tools available to states who want to use the economic stimulus funds to support infants, toddlers, and their families. Zero to Three Executive Director Matthew Melmed gave an overview of the sources of funding for infants and toddlers in the ARRA. As you know, the stimulus includes \$87 billion in new funding for Medicaid; \$500 million in new funding for the Women, Infants, and Children Program; \$5 billion in temporary emergency funds to meet Temporary Assistance for Needy Families' (TANF) rising caseloads; and \$500 million in new funding for the Individuals with Disabilities Education Act. The recovery package dramatically increases the country's investment in early childhood, with \$2.1 billion for Head Start and Early Head Start and \$2 billion for the Child Care Development Block Grant. It is important to note that the stimulus funds for the majority of these programs will go through the normal funding channels.

Melmed anticipates states will use portions of the new Title I money for early childhood programs, like state-funded pre-kindergarten, Head Start, child care, and screening children for development delays and disabilities. Elliot Regenstein of the Education Council argued that a lot of the key decision making will play out on a district level because of the flexibility of Title I. He urged early childhood advocates to come together and develop plans for using the funds while adhering to the federal guidelines, which essentially stipulate that funds be used quickly and have a long term impact.

Funding early childhood education services is an applicable use of the \$39.5 billion State Fiscal Stabilization Fund as well. However, Melmed believes states will use as much of the new money to fill their budget gaps as possible under federal law. "It will be an issue of intense focus and negotiation over the next few weeks as the Department of Health and Human Services develops its guidance," he said.

Zero to Three Director of State Policy Initiatives Barbara Gebhard discussed the planning tools that the Policy Center has assembled, which include a self-assessment checklist for states on infant and toddler policies and demographic information on young children in all 50 states. Attached please find the National Center for Children in Poverty's early childhood profile on Michigan.

*A complete resource list of planning tools may be found at
http://www.zerotothree.org/site/DocServer/ARRA_Resources.pdf?docID=7941.*