



Financing a Great Start for  
Michigan's Children:  
Analysis of Existing Resources  
for the Great Start System

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September 2007



## EXECUTIVE SUMMARY

### ***Background***

Michigan's Great Start system provides a framework for a statewide comprehensive system of services for young children and their families that prepare children to enter kindergarten safe, healthy, and eager to succeed. With support from Governor Granholm and a federal planning grant, state leaders have developed a blueprint for Michigan's Great Start system, with the goal to make the following services accessible statewide to all children ages 0-5 and their families:

- Services supporting families' basic needs, economic security and child safety
- Physical health care
- Social-emotional health care
- Parenting education and family support programs
- Early care and education programs

In 2005, Governor Granholm tasked the nonprofit Early Childhood Investment Corporation (ECIC) with implementing the Great Start system statewide. In this role, ECIC identifies strategies for meeting gaps in state services and supports the development of local Great Start Collaboratives, which are representative decision-making bodies that are implementing the Great Start model in local communities.

To help lay the groundwork for developing a comprehensive financing plan for the Great Start system, ECIC leaders approached The Finance Project, an independent nonprofit research and technical assistance organization, to assess Michigan's current funding for early childhood supports and services. The goals of the study are:

- To create a funding map of federal, state and private expenditures on programs and services for young children and their families; and
- To analyze the effectiveness of current funding for the Great Start system, highlighting the diversification and adequacy of existing funding, the stability and flexibility of available programs and funding sources, and issues related to coordinating funding from multiple public- and private-sector sources.

### ***Research Approach***

ECIC requested that TFP's funding map include a comprehensive accounting of all state and federally-funded programs supporting the Great Start system, and provide information about and examples of private and locally-funded programs. To do so, The Finance Project

researchers conducted phone interviews, email correspondence and surveys with 115 individuals in Michigan state agencies and community organizations between April and July 2007 and analyzed the data collected. The following are notable limitations regarding data analysis methods:

- TFP researchers categorized funding programs by the five Great Start components, in order to help ECIC to understand how current programs and funding sources align with the Great Start system. While we recognize that many programs do support multiple Great Start components, programs are categorized by the component with closest alignment to program goals.
- Researchers estimated the percentage of funding from each program that is targeted to children 0-5 and their families in order to estimate total state and federal funding serving this population. While in some cases, determinations were made based on clear data about the population served, TFP often relied upon estimates informed by state or national data.

### ***Map of Existing Funding for the Great Start System***

The funding map for the Great Start system includes the following types of funding:

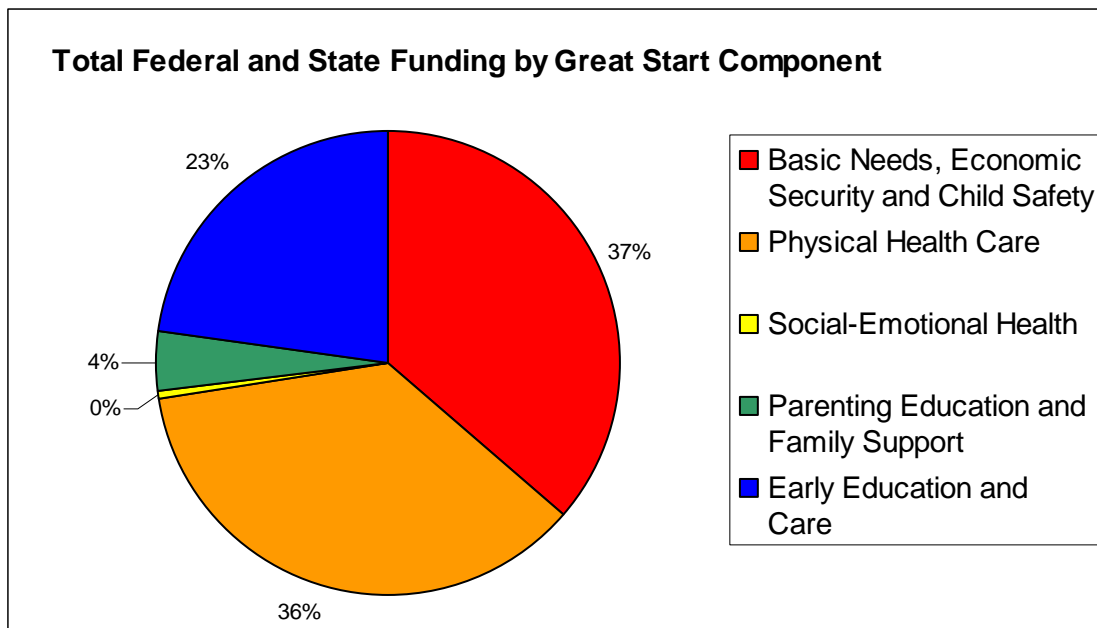
- Federal funding, including federal entitlements, block and formula grants and discretionary grants;
- State funding, including state general funds, the Michigan Child Care Fund, the Michigan School Aid Fund, and the Healthy Michigan Fund;
- Local funding, through general funds and dedicated local revenues; and
- Private funding, including support from foundations, corporations and United Way organizations.

### ***Federal and State Funds***

In FY 2007, approximately \$2.5 billion in federal and state funding supports 85 programs aligned with components of the Great Start system. This includes programs administered by state agencies funded with state and/or federal funds as well as programs where discretionary federal funds support local grantees directly. The following are major findings about federal and state funding:

- More than two thirds of the \$2.5 billion (71 percent) comes from federal funding sources and nearly one third (29 percent) comes from state revenues.

- The bulk of federal and state funding- over 95 percent- supports programs and services that related to three of the Great Start system components: a) basic needs, economic security, and child safety programs; b) physical health care programs; and c) early care and education programs.
- Only four percent of total federal and state funding supports parenting education/family support, while less than one percent of funding supports social-emotional health programs and services.
- Many of the federal and state programs catalogued in this report leverage private and local funds through required or voluntary matches.



### *Local and Private Funds*

The funding map highlights notable examples of how local and private funds contribute to the Great Start system. Major findings include:

- A number of localities report using their own general revenues or creating a dedicated revenue stream (ex. special taxes or fees) to support local early childhood initiatives.
- According to a survey by the Council of Michigan Foundations, there are 129 foundations, each with assets over \$1 million, contributing to early childhood initiatives in Michigan. The most common area of grantmaking is parent education. Foundations often provide matching or challenge grants to boost support for existing programs, support innovative new programs, or provide glue money to support program coordination.

- United Ways contribute over \$4.6 million to early childhood initiatives through Success by Six initiatives and direct allocations to community-based providers. United Ways also play a major role in leveraging support from other sources and promoting coordination between local early childhood stakeholders.

### ***Analysis of Effectiveness of Current Funding***

To assess the effectiveness of financing for the Great Start system, the TFP research team used several key criteria to determine which financing strategies and funding sources are most productive. The following are major findings from this analysis:

#### *Diversification of Funding*

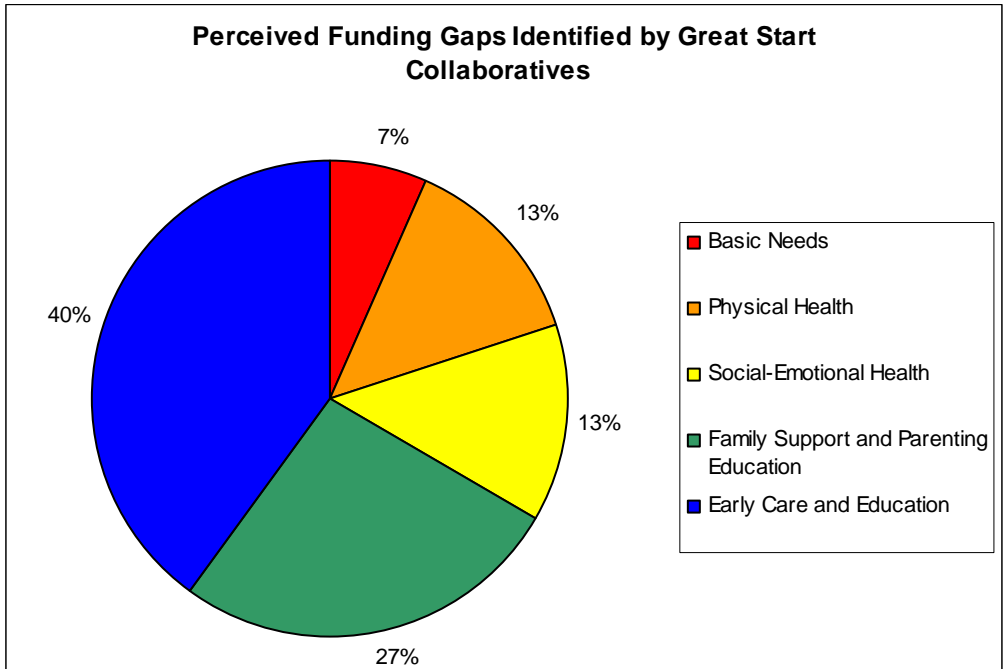
Michigan has a broadly diversified portfolio of funding for early childhood programs and services aligned with the Great Start system components. While federal and state funding provide the bulk of funding, private-sector and local funding are critical for filling in gaps in the Great Start system at the local level.

#### *Adequacy of Funding*

Despite the range of funding sources in the funding map, nearly all Michigan leaders interviewed and surveyed for this report indicated that existing funding is insufficient to support the Great Start system. While it was not possible to measure exactly how much funding would be needed to fully support Great Start, the following are key themes about the adequacy of funding:

- In many cases, funding is insufficient to fully meet program goals; for example, respondents noted that there is not enough funding to provide access to preschool for all children who would benefit from this service.
- Eligibility rules often limit programs' reach; for example, many children and families who lack private health insurance do not meet the eligibility requirements to access Medicaid.
- Funding is not uniformly distributed throughout the state; many federal and state funding sources are limited to geographic areas where applicants have submitted successful grant applications.
- Funding gaps vary by Great Start components. TFP researchers asked Great Start Collaboratives to report their most significant three funding gaps in their communities. TFP staff then analyzed these funding gaps using the Great Start framework and found

that collaboratives' most significant perceived funding gaps are the in the areas of a) early care and education and b) family support and parenting education.



*Maximization of Federal Funding*

Maximization is an important strategy for ensuring that Michigan draws down the maximum amount of federal funding that can be obtained from formula/block grant programs. Currently, Michigan is contributing sufficient local matching funds to draw down the full amount of all of the major formula/block grants profiled in this report, including TANF, CCDF, and Title V.

*Funding Stability*

Knowledge about the stability of existing funding sources is critical as ECIC moves toward the development of a financing plan. TFP's analysis shows that some funding sources included in the funding map are stable and growing, while others are at risk of funding cuts. Major findings include:

- Federal funding is overall more stable than state funding. Federal entitlement funding, for example, is guaranteed to grow as the eligible population grows, while block grants are not guaranteed to meet Michigan's full need, but tend to be relatively stable. Federal discretionary grants tend to be stable, but, with the exception of Head Start, make awards to only a small number of grantees each year.

- Programs relying on state funding appear to be most vulnerable, given the potential impact of Michigan’s fiscal crisis. Implications of the fiscal crisis, however, are not yet well understood and the crisis may affect program stability in unexpected ways. It is possible, for example, that funding for prevention programs may be reallocated to support core state services, such as the state portion of Medicaid funding.
- Private funding is typically stable in aggregate, but foundation grants are often time-limited, while United Way funding tends to be renewable from year to year.
- Stability may look and feel different at the systems-level and at the program-level. While this analysis focuses on assessing systems-level stability, TFP researchers recognize that stable funding at the state level may not translate to stable funding at the program level, particularly when grantees are awarded short-term, time-limited grants.

### *Funding Flexibility*

All federal and state funding comes with restrictions about how funds can be used- who can be served; the types of programs and services that can be offered; the times of day; types of facilities, and qualifications of staff who can deliver services. These restrictions may create fragmentation and disconnection among categorical programs and create challenges in building a comprehensive system of supports. The following are key themes from our analysis of program flexibility:

- Federal entitlement and block grants typically have significant program restrictions that limit local discretion in the use of funds; discretionary programs tend to offer more flexibility.
- Foundation and United Way funding provides generally more flexible support to help coordinate and fill the gaps between categorical programs

### *Coordination of Multiple Funding Sources*

Coordination of programs, service delivery and funding is an important way to improve the efficiency, and increase the flexibility that providers have to address the needs of children and families in their communities. In recent years, Michigan leaders have begun to think creatively about how to coordinate resources supporting services for young children and their families.

Ongoing strategies include:

- Braiding categorical funding sources, primarily at the program or community level, to tap multiple public and private sector funding sources to support individual program components.

- Pooling or blending monies from multiple agencies or programs to support comprehensive initiatives.
- Interagency agreements to jointly administer or transfer responsibility of programs to promote coordination and efficiency.
- Grant programs that require or encourage collaboration at the local level.
- Coordination by foundations and United Ways, bringing together local stakeholders around common goals.

There are, however, a number of barriers to expanding state and local coordination of resources, including program eligibility requirements, funding flow and administration, data collection requirements, and limited available funding to support collaboration efforts. In addition, state entities need to ensure that various collaborative bodies work together and do not independently pursue overlapping goals.

### ***Toward a Strategic Financing Plan for Great Start***

This funding map and analysis provide a picture of the mix of current funding sources – public and private – that support the Great Start system components and lays the groundwork for identifying and weighing strategies to expand funding to support the full implementation of Great Start. Toward that end, The Finance Project research team recommends that ECIC staff work closely with other state officials and Great Start Collaborative leaders to:

- Develop a clear plan for implementation of the Great Start system at the state and local level, including the scope and scale of programs and services related to each of the Great Start system components, a detailed understanding of required capital investments and start-up needs in all Great Start communities across the state, a clear concept of the size of the target population, and a timetable for implementation.
- Identify potential financing strategies and funding sources to fill the gaps between resources currently in the system and what is needed to support full implementation.
- Identify strategies to coordinate and make better use of existing resources at the state and local level, including opportunities to reduce operating costs, redeploy funds from higher cost to low cost services delivery and reinvest funds that can be saved through these strategies to new programs and services.
- Look at innovative ways that other states and communities have utilized similar financing strategies and funding sources to support comprehensive early childhood support systems, taking account of what has worked well and what has not worked well

elsewhere to help frame a coherent set of strategies to generate revenue to support the full implementation of the Great Start system.

## INTRODUCTION

Michigan's comprehensive system of early childhood supports, Project Great Start, traces its roots in Governor Jennifer Granholm's 2003 State of the State address. Citing research demonstrating that 85 percent of brain development occurs by the time a child starts kindergarten, Granholm challenged Michigan's citizens and institutions to recognize that education begins at birth, to invest in boosting learning in the critical years from birth to five, and to provide support for families with young children.<sup>1</sup>

Following this speech, Michigan leaders and stakeholders developed a blueprint for the Great Start system. Their vision was based on growing recognition that early learning is supported not only by early education programs, but by a comprehensive array of services – including prenatal care, infant and toddler mental health, and family support programs – that help children to enter kindergarten safe, healthy, and eager to succeed. In 2005, this planning culminated in the founding of the Early Childhood Investment Corporation (ECIC), a statewide nonprofit corporation tasked with implementing the Great Start blueprint.

ECIC leaders are now exploring how Michigan's communities statewide can finance the full implementation of Great Start. While a number of public agencies, as well as private funders, already support early childhood initiatives in the state, leaders in all sectors can contribute to filling significant gaps in services and the infrastructure needed to support them. Additionally, better coordination and stronger collaboration among public- and private-sector funders can result in more effective and efficient use of existing resources, as well as opportunities to leverage additional funding and in-kind contributions.

To help lay the groundwork for developing a comprehensive financing plan for the Great Start system, ECIC leaders approached The Finance Project, a Washington-based, independent nonprofit research and technical assistance organization, to assess Michigan's current funding for early childhood supports and services and to identify gaps in resources for program and infrastructure. The goals of the study are to:

- Create a funding map of federal, state and private expenditures on programs and services for young children and their families; and

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<sup>1</sup> "Greatness through Challenge," Governor Jennifer Granholm's State of the State Address, 2003.

- Analyze the effectiveness of current funding for the Great Start system, highlighting the diversification and adequacy of existing funding, the stability and flexibility of available programs and funding sources, and issues related to coordinating funding from multiple public- and private-sector sources.

## **BACKGROUND AND CONTEXT**

As Michigan leaders work to build a comprehensive system of early childhood supports and services, they are fortunate to have support and leadership from key policymakers, including the Governor and the Legislative Children’s Caucus, as well as the momentum of a statewide movement to support young children and their families. Despite this broad base of political support, however, state and local leaders face a serious fiscal crisis that threatens funding for early childhood initiatives. These two major trends – a groundswell of support for Great Start and an economic downturn – will significantly influence public and private sector leaders’ ability to fully implement Great Start statewide.

### ***Policy Context: Growing Support for the Great Start System***

In 2003, Michigan received an Early Childhood Comprehensive Systems (ECCS) grant from the U.S. Department of Health of Human Services to support planning for the Great Start system. Leaders from state agencies, the provider community, child advocacy groups and parents worked together to develop a blueprint for a comprehensive early childhood system. This blueprint highlighted the following key components essential for children and families to thrive:

- *Basic Needs, Economic Security and Child Safety*– Services and supports that address the basic, daily living needs of families, as well as child and family safety.
- *Physical Health Care* – Comprehensive physical health and child development services- including screening, assessment and intervention, as well as timely and appropriate referral for specialized developmental, behavioral and social-emotional assessments and interventions.
- *Social-Emotional Health Care*– Specialized screening, assessment and intervention services designed to promote the social-emotional well-being of infants and young children, including infants and young children at risk of developing or with diagnosed emotional disturbances.
- *Parenting Education and Family Support* – Services and supports for parents in the critical role they play in the healthy development of their infants and young children, as

well as supports that address the stressors impairing the ability of families to nurture the well-being, safety and overall healthy development of their infants and young children

- Early Education and Care – Services that support the early learning, health and social-emotional well-being of infants and young children.<sup>2</sup>

The blueprint also noted the importance of building a sound infrastructure to support all five Great Start components and outlined the major policy goals and types of programming under each component. (A summary of the Great Start system is included in Figure I and the initial blueprint is summarized in Appendix I.)

Great Start implementation began in 2005, following the ECCS planning process. At the state level, Governor Granholm created ECIC to develop strategies for identifying and meeting gaps in a range of supports and services (early learning, physical and mental health care, parent education, family support), so that every child in the state has access to a coordinated system of community-based resources. ECIC serves as a clearinghouse for information, resources, and technical assistance for early childhood system-building efforts and facilitates the development of the Great Start system statewide.

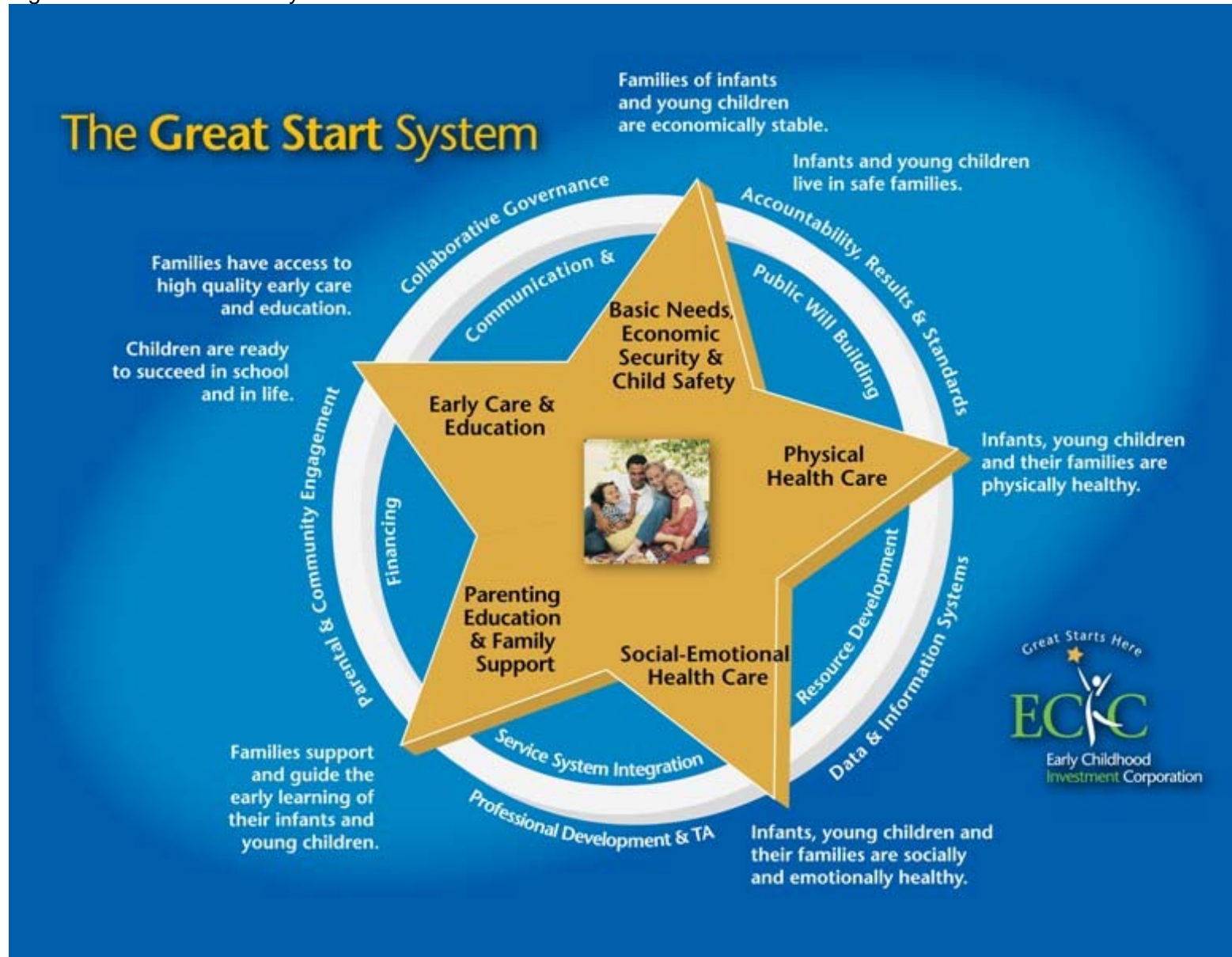
ECIC also partners with and supports the development of local Great Start Collaboratives. The Great Start Collaboratives are representative local decision-making bodies that link existing early childhood services and develop strategies for identifying and filling gaps in community-based services and supports. ECIC's investment in local collaboratives enables and encourages community leaders to develop programs that respond to their unique needs and build on community assets.<sup>3</sup>

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<sup>2</sup> "The Great Start System". Early Childhood Investment Corporation.

<sup>3</sup> Ibid.

Figure 1: The Great Start System



Since the creation of ECIC, efforts to implement the Great Start system have progressed. The following are notable early accomplishments:

- The W.K. Kellogg Foundation has awarded ECIC a \$6.5 million three-year grant to support the development of the local Great Start Collaboratives. This grant helped to leverage public funding for the Collaboratives from public sources, including federal child care quality funding through the Michigan Department of Human Services (MDHS) and an appropriation from the Michigan Department of Education (MDE). (Table I highlights FY07 funding from public and private sources supporting the Great Start Collaboratives.)
- ECIC has now provided seed funding to 21 Intermediate School Districts (ISDs) to form local Great Start Collaboratives. Collaboratives are conducting community needs assessments and plan to develop individualized community plans for implementing the Great Start system. Depending on the availability of funds, ECIC plans to fund collaboratives in Michigan’s remaining 36 ISDs by FY 2009.
- Michigan’s Department of Human Services (MDHS) detailed staff members responsible for managing child care quality initiatives and Head Start collaboration to ECIC, thereby helping the Corporation to become a central hub for coordinating and strengthening the state’s early childhood initiatives.

<b>Table I: FY07 Funding for the Great Start Collaboratives</b>	
Child Care and Development Fund (CCDF) quality dollars	\$1.3 million
MDHS “Work Project” Funds <sup>4</sup>	\$488,000
MDE appropriation	\$1 million
Kellogg Foundation grant	\$750,000
<b>TOTAL FUNDING</b>	<b>\$3.5 million</b>

***The Fiscal Context: Michigan’s Budget Crisis***

The story of the emerging Great Start system cannot be told without acknowledging Michigan’s ongoing economic difficulties that potentially endanger existing state funding for programs supporting young children and their families. Michigan’s budget crisis is the result of a serious economic downturn that began in 2000 and has worsened due to the decline of the state’s auto manufacturers in recent years. The state now has experienced six consecutive years of net job

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<sup>4</sup> The “Work Project” funds are carry-over CCDF quality dollars that were not utilized in the previous year.

losses, including the loss of one in four of the state's manufacturing jobs since 2000.<sup>5</sup> Job losses have been particularly difficult for the state's poorest families and children. Between 2000 and 2006, according to the Annie E. Casey Foundation's *Kids Count Databook*, Michigan's rate of child poverty increased by 30 percent – from a 14 percent child poverty rate in 2000 to an 18 percent rate in 2006.<sup>6</sup>

Unfortunately, the state capacity to fund key programs and services is declining, just as the need is growing, particularly among low-income families. Over the next 18 months, policymakers expect a budget shortfall of approximately \$3.5 billion across all state services and programs.<sup>7</sup> To put this deficit in context, Michigan's Emergency Financial Advisory Board has stated that cutting \$3.5 billion from the budget is the equivalent to eliminating all health care programs for seniors and children in the state and releasing all of Michigan's 51,000 prisoners.<sup>8</sup> Policymakers are currently debating a variety of solutions to the budget crisis for the FY 2008 budget, including a combination of tax increases and cuts to program budgets.

Michigan's fiscal crisis has significant implications for this study. As we map existing funding sources that can help support Great Start, we need to be cognizant that some state programs are vulnerable to cuts in the next fiscal year and beyond. Despite the strong commitment of the governor and other leaders across the state to invest in building a comprehensive early childhood, the reality is that there will be stiff competition for resources, if revenue projections fall short.

## **RESEARCH APPROACH**

Between March and July 2007, TFP researchers collected information from 115 individuals in Michigan state agencies, foundations and local community organizations, providing for a comprehensive look at the funding landscape for programs serving children from birth-five and their families in the state. Through phone interviews and email correspondence with state agency staff, the TFP research team collected detailed information on 85 programs that support

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<sup>5</sup> Emergency Financial Advisory Board. *Michigan's Defining Moment: Report of the Emergency Financial Advisory Panel*. Prepared for the Office of the Governor, February 2007.

<sup>6</sup> Annie E. Casey Foundation. *KIDS Count Databook*. Data retrieved online at [http://www.kidscount.org/sld/db06\\_pdfs/al\\_mo.pdf](http://www.kidscount.org/sld/db06_pdfs/al_mo.pdf) and <http://www.kidscount.org/sld/databook.jsp>, retrieved September 11, 2007

<sup>7</sup> Emergency Financial Advisory Board, 2007; op cit.

<sup>8</sup> Ibid.

components of the Great Start system. All of these programs are supported with federal and/or state funding. Information collected included:

- Program goals,
- Revenue sources,
- Appropriation levels,
- Proportion of funds dedicated to children from birth-five and their families,
- Program eligibility, and
- Caseload information.

TFP researchers also asked agency staff to respond to questions about the:

- Adequacy of funding,
- Maximization,
- Stability and durability of funding,
- Flexibility and fungibility of funding
- Coordination of funding from multiple programs and sources,
- Leverage of local or private funds,

(See Attachment I for the complete data collection protocol).

TFP researchers also gathered information on funding provided by private foundations, corporations, local United Ways, and by local revenues. Descriptions of local and private funding were collected through phone interviews with program officers and financial managers in key Michigan foundations and written surveys submitted by leaders in local Great Start Collaboratives and United Way organizations. These phone interviews and surveys also provided additional and varied perspectives on the Great Start system's funding gaps and the barriers to local coordination of funds.

TFP researchers estimated the total federal and state investment in Great Start programs and services; however, we were unable to reliably quantify the total amount of local government and private spending on early childhood programs and services statewide. We were not able to gather complete and detailed fiscal information for private and local funds. In part this reflects inadequacies of the data. However, it also reflects inconsistencies in definitions and the lack of detail on programs and expenditures that make consistent classification difficult across communities. Accordingly, TFP staff worked with ECIC staff to 1) identify the array of program activities supported by local government and private sources; 2) highlight notable examples of

these investments, and 3) assess how they align with the financial needs of the Great Start system.

The funding map and analysis that follows is intended to provide a comprehensive picture of early childhood funding in Michigan. However, it is important to note a few limitations to this analysis:

- Assigning programs to Great Start elements is an imperfect process – In an effort to help ECIC and other stakeholders understand how current programs and funding sources align with the Great Start system components, we categorized each of the 85 state programs according to the Great Start component with which it is primarily aligned. Although a few programs support services related to more than one component, in most cases there was a clear primary alignment. Thus, for example, a program that funds health services may promote young children’s social-emotional health as well as physical health and development. However, if its primary focus is on physical health, that is how it is categorized for mapping purposes. For more complete information, we have listed all programs and the various Great Start components that they support in Appendix II.
- Amounts of funding targeted to children from birth-five and their families are often estimated – A number of programs included in this funding map serve broader populations, including school-age children or adults who do not have children. In some cases, state agencies maintain data that enabled us to determine with relative precision the proportion of program dollars targeted specifically young children and their families – the Great Start population. In other cases, estimates of the amount of funding allocated to this target population are based on assumptions informed by other state or national data and trends. These assumptions are noted throughout the funding analysis.

## **ORGANIZATION OF REPORT**

The report that follows is organized into two major sections:

- Map of Michigan funding for early childhood programs and services; and
- Analysis of the effectiveness of funding in addressing the needs of the Great Start system.

- Implications for the development of a strategic financing plan for the Great Start System.

### ***Map of Existing Funding for the Great Start System***

Working closely with the ECIC staff, the TFP research team identified and catalogued the wide array of public- and private-sector funding sources in Michigan that are supporting or have the potential to support the Great Start system. Information presented in this funding map includes: the funding agency, program function, total expenditure and proportion dedicated to young children, program goals. It also includes information on how funding flows (which agencies receive, administer and disburse funding). The scope of funding presented in the map include:

- *State programs*, that may be funded solely with state revenues or with a combination of federal and state dollars;
- *Federal funding*, that flows directly to local grantees;
- *Local funding* that comes from city or county taxes and fees or tribal funds;
- *Private funding* from foundations, corporations and local United Ways.

### ***Analysis of the Effectiveness of Funding for Supporting the Great Start System***

With a clear picture of the array of funding sources that support early childhood initiatives, we took a close look at how these resources are being used to support the Great Start system in order to understand:

- *Diversification of funding sources*, including a mix of federal and state program funding, local revenues, foundation grants and other sources of private funding;
- *Adequacy of funding*, including an assessment of critical gaps in support for key programming and infrastructure needs;
- *Maximization*, including the extent to which state and local governments are drawing down the maximum amount of funding for which Michigan is eligible;
- *Stability(durability)*, including the longevity of funding commitments and the extent to which they are renewable;
- *Flexibility*, including the extent to which state and local officials have discretion to use funds to address specific needs and priorities; and;
- *Barriers to coordination* that impede efforts to braid funding from multiple sources.

### ***Implications for the Development of a Strategic Financing Plan for the Great Start System***

The mapping and analysis that are the focus of this study provide a clear picture of federal and state funding sources, as well as private funding, that can support comprehensive services for Michigan's youngest children. Although the development of a strategic financing plan is outside the scope of this study, the concluding section identifies several next steps to help Michigan leaders determine how best to meet the Great Start system's unmet funding needs over the next several years.

## FUNDING MAP

This funding map documents the federal, state, local, and private funding streams that support programs and services for Michigan's young children and families and shows how they align with the Great Start system components. Development of the map was guided by two central questions:

- *What are the relevant sources of public- and private sector funding that support programs and services for Michigan's young children and their families?*
- *How do these funding sources align with the Great Start System components?*

### ***Types of Funding***

Funding for programs and services for Michigan's youngest children and their families comes from a variety of public and private sources, each with its own goals, eligibility requirements, program regulations and administrative requirements.

### **Federal and State Funding**

In FY 2007, approximately \$2.5 billion in federal and state funding supports Michigan children from birth to five and their families. Of this amount, more than two thirds (71 percent) of funding comes from federal programs, and nearly one third (29 percent) comes from state revenues. TFP researchers identified 85 funding programs that support Great Start system components. These include:

- Programs administered by state agencies that are funded solely with state revenues;
- Programs administered by state agencies that are funded with a blend of federal and state revenues;
- Programs administered by state agencies that are funded solely with federal revenues; and
- Programs administered by federal agencies that are funded solely with federal revenues.

Programs are supported with the following types of funding:

- **Federal entitlements** – Federal entitlement funds guarantee that all individuals who meet the eligibility criteria are served. Entitlement funds flow from the federal government to Michigan agencies, which are responsible for operating relevant programs or channeling funds to local agencies to operate relevant programs. Federal entitlement programs

relevant to the Great Start system include Medicaid (Title XIX), Food Assistance, the Child and Adult Care Food Program, and Foster Care (Title IV-E).

- *Federal formula/block grants* – Federal formula/block grants provide states with a fixed allocation of funds based on an established formula that is linked to a measurement of need (e.g., the poverty rate). The majority of federal funding to Michigan for programs and services related to the Great Start system is provided through formula/block grants. Like entitlements, formula grants flow directly to state agencies that are responsible for operating relevant programs, typically sub-granting through a proposal process, or otherwise turning over funds to local governments or nonprofit agencies. States are required to match a share of the federal funding allocation in order to draw down the formula/block grant dollars. Unlike entitlements, formula grants do not guarantee to cover everyone who is eligible. States can obtain federal funding up to the maximum amount of the allocation formula; additional funding to cover eligible populations must come from state revenues. Among the most significant formula/block grants that benefit the Great Start target population are the:
  - Child Care and Development Fund (CCDF);
  - Maternal and Child Health Block Grant (Title V);
  - Temporary Assistance for Needy Families (TANF);
  - Social Services Block Grant (SSBG);
  - Community Services Block Grant (CSBG); and
  - Substance Abuse and Treatment (SAPT) Block Grant.
  
- *Federal Discretionary Grants* -- Federal discretionary grants fund a range of targeted federal efforts, including early health and development, early learning, parent education and support. Depending on the program requirements, state and local governments, community-based organizations or coalitions of community groups and agencies can apply directly to the sponsoring federal agency to gain access to these funds through a competitive process. Funds do not flow through Michigan agencies; they go directly to local grantees. Examples of discretionary funds benefiting the Great Start target population are Head Start and Early Reading First grants.

Detailed information on the federal funding sources supporting the Great Start system is provided in Appendix III.

- State General Funds – Michigan’s general funds are collected through several state taxes and fees. The State Legislature allocates general funds to support a range of early childhood initiatives by a) providing a match for federal formula/block grants; and b) funding state initiated and operated programs that benefit young children and their families. Examples include state matching funds for the Family Independence Program and funding for the Michigan School Readiness Program competitive grants.

Michigan’s constitution requires that the state use general funds to provide a dollar-for-dollar match to localities supporting specified in-home and out-of-home care for vulnerable children and youth. The combined pool of state and local funding for these activities is known as the “Child Care Fund”. It is administered by the Michigan’s Department of Human Services, Bureau of Juvenile Justice.

- State School Aid Fund – Michigan’s School Aid Fund is a dedicated state revenue source that uses state property and sales taxes to support public education. Funds are distributed to school districts according to a formula designed to alleviate funding disparities between local districts. While largely a funding source for K-12 education, School Aid funds also support the Michigan School Readiness Program grants to school districts and the Great Parents, Great Start program.
- Healthy Michigan Fund – Legislation passed in 1996 dedicates revenue from state taxes on tobacco sales to support the Healthy Michigan Fund. This fund aims to promote the health of Michigan citizens, with a focus on vulnerable populations. Funding supports a range of health promotion programs, including maternal and child health initiatives.

Federal and state funding for the Great Start system is primarily administered by three state agencies:

- Michigan Department of Community Health (MDCH);
- Michigan Department of Human Services (MDHS);
- Michigan Department of Education (MDE);

Other agencies that administer small amounts of funding are:

- Michigan Housing Development Authority (MSHDA);

- Children's Trust Fund (CTF)
- Early Childhood Investment Corporation (ECIC)
- Michigan State Court Administrative Office (SCAO)

### **Local Funding**

Locally generated revenue also supports the Great Start system. In many cases, Michigan counties, cities, and tribes:

- *Use their own general revenues* to provide matching funds to leverage federal and/or state-funded programs; and
- *Create dedicated local revenue streams* through special taxes and fees to support local early childhood initiatives.

While TFP researchers were unable to capture detailed information on all sources of local funding to early childhood programs and services related to the Great Start system statewide, notable examples are presented in the following map to illustrate how local revenues are used across the state to supplement and help leverage federal and state funding.

### **Private Funding**

Several sources of private funding also contribute to the Great Start system. These include funds from private foundations, corporations and local United Ways. Often, these funding sources support innovative new programs for young children and their families, provide matching or challenge grants to boost support for existing programs, or provide glue money to help programs and providers collaborate and coordinate their programs, services and funding. It was not possible, within the scope of this study, to identify every source of private contribution to state and local early childhood programs and services and to quantify the total value of these resources. However, throughout the funding map, we have noted relevant examples of private investments that support programs and services related to the components of the Great Start system. Many Michigan communities benefit from funding and contributions from the following sources:

- **Foundations** – Michigan's private foundations provide generous support for early childhood initiatives in the state. According to the Council of Michigan Foundations, 129 Michigan foundations, each with assets over \$1 million, make grants related to early childhood, ranging from the Kellogg Foundation's \$6.5 million investment in ECIC to small grants of a few thousand dollars by community foundations for local programs and

activities. This includes corporate, community, family, independent and public foundations.<sup>9</sup> (A list of foundations surveyed by the Council is provided in Appendix IV.)

- Corporations – Local businesses and national corporations that are based in Michigan support the Great Start system in two ways: a) grants from nonprofit corporate foundations, and b) tax-deductible gifts from parent corporations to support community programs valued by their employees and to create general goodwill in communities where they do business.
- United Way Local Organizations – Michigan’s United Way organizations also fund a range of services and supports for young children and their families in local communities. These include:
  - *Success by Six programs* – United Ways operate their own early childhood initiatives aimed at building collaboration and partnerships that bring local businesses, government, service providers, advocates, educators, and families together to ensure that young children are born healthy, remain healthy, nurtured and are ready to successfully enter school by age six.
  - *Allocations to local direct service organizations* – United Ways also allocate funds directly to local direct service organizations. The amount of these contributions varies widely from \$2000 to the local Baby Pantry in Sanilac County, to Southeast Michigan United Way, which contributes over \$2 million to a number of community organizations supporting young children. Overall, United Ways surveyed by The Finance Project contribute over \$4.6 million to support the Great Start system through their allocations.<sup>10</sup>
  - *Matching funds to leverage other public and private sector funding* – United Ways often provide matching funds that leverage support from other sources. This includes funding provided to the local Great Start Collaboratives and through Success by Six programs.
  - *Coordination and collaboration* – United Ways also play a major role in bringing local early childhood stakeholders around common goals to coordinate programs, service delivery and funding.

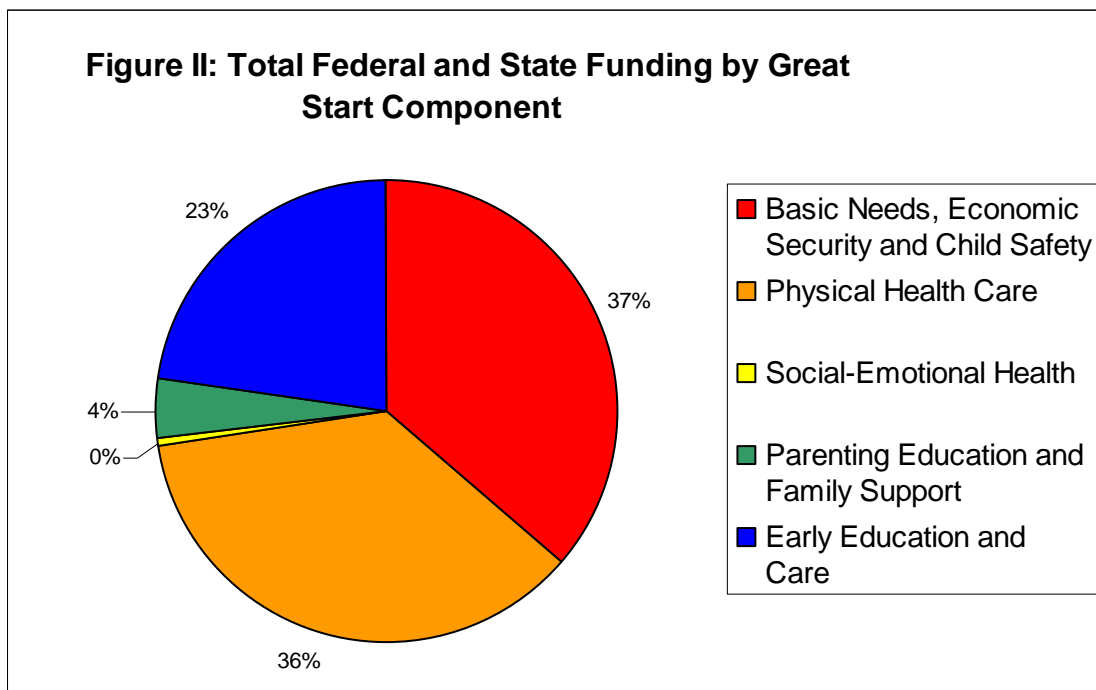
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<sup>9</sup> Council of Michigan Foundations. *Early Childhood Funding in Michigan: Findings from a 2004 Survey of Foundations*. Council of Michigan Foundations, 2004.

<sup>10</sup> The Finance Project received completed financing surveys from 16 out of Michigan's 65 United Ways. While this survey had only a 25 percent response rate, the Michigan Association of United Ways estimates that about 70 percent of the state population is served by these 16 United Ways.

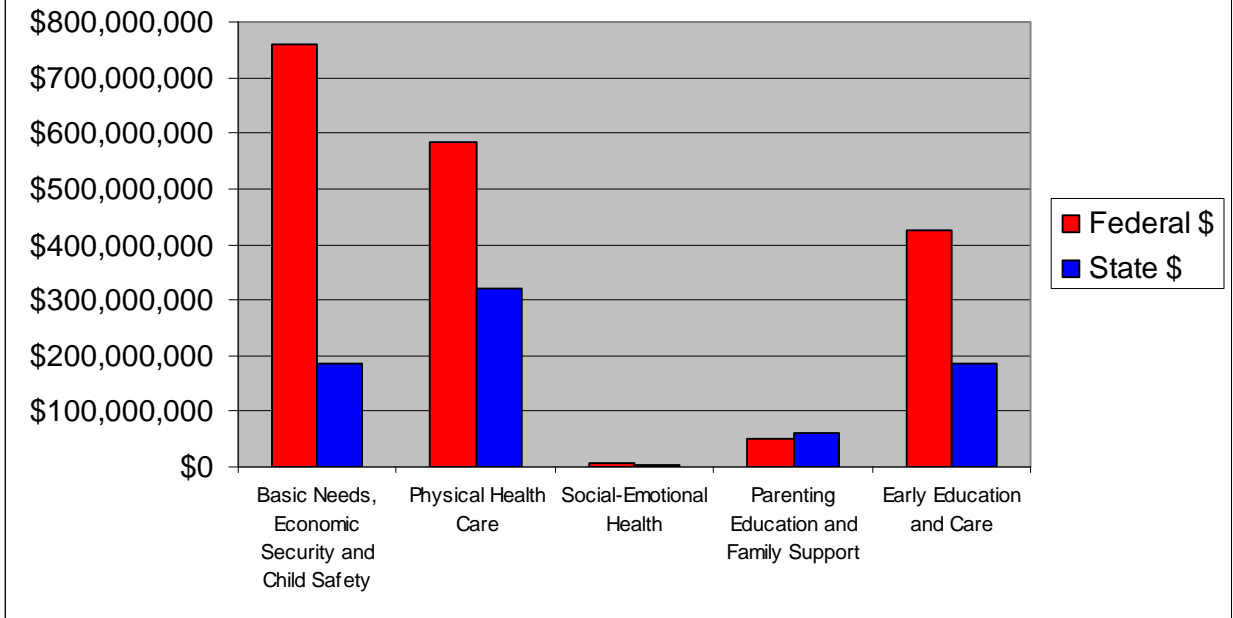
## HOW FUNDING ALIGNS WITH THE GREAT START SYSTEM COMPONENTS

State and federal funding account for the vast majority of funds for early childhood initiatives. Accordingly, our primary focus is on these sources. As Figure II illustrates, the bulk of federal and state funding - more than 95% - supports programs and services that relate to three of the Great Start system components: a) basic needs, economic security, and child safety programs; b) physical health care programs; and c) early care and education programs. Only about four percent of funding supports parenting education/family support and less than one percent of funding supports social-emotional health programs and services.



As shown in Figure III, federal funding is particularly prominent in supporting basic needs, economic security and child safety programs. State funding plays a relatively larger role in funding physical health care, family support and parenting education, as well as early education and care programs.

Figure III: Total Federal and State Funding by Great Start Component



Local and private funding sources are also significant contributors to components of the Great Start system. While typically much smaller in amount than federal and state investments, local and private contributions fill funding gaps and spark innovative practices within the five Great Start components. According to a Council of Michigan Foundations survey, the most common area of foundation grant making for young children is parent education (85 percent). However, two-thirds of Michigan foundations investing in early childhood, support programs aligned with other Great Start elements as well, including preschool education, literacy, health and child care.<sup>11</sup> Local funding from general funds and dedicated revenue sources most often supports parent education and early care and education initiatives.

In the following pages, this report highlights programs that contribute to the Great Start system, organized by each Great Start component. This includes:

- Detailed information on each of the 85 programs supported by state and/or federal funding; and
- Examples of notable local and private investments.

<sup>11</sup> Council of Michigan Foundations, *op cit*.

### **Basic Needs, Economic Security and Children's Safety**

Close to \$1 billion dollars in federal and state funds supports young children and their families' basic needs, economic security and children's safety in Michigan, exceeding federal and state funding for all other Great Start elements. The Michigan Department of Human Services (MDHS) administers most programs aligned with this Great Start component, while the Michigan State Housing Development Authority (MSHDA) supports all housing programs and the Michigan Department of Community Health (MDCH) supports some child safety programs. As noted in Table II, the majority of federal and state funding for this system component supports basic needs programs; additional funding supports programs that help families to achieve long-term economic security and protect children's safety.

Several of the federally and state-funded programs highlighted in Table II leverage support from local and private sources, including corporate support for energy assistance and county matching funds to support child support administration. A few Michigan school districts also access private or local funds to support family resource centers at early childhood centers that promote families' access to programs providing for their basic needs.

### **Basic Needs Programs**

The majority of federal and state programs and dollars (over \$775 million) aligned with this Great Start system component provides for cash assistance, food, housing, and heating assistance. The programs below are largely funded by Temporary Assistance for Needy Families (TANF) and other federal income security and housing programs, and, in some cases, supported with state matching funds.

- *Family Independence Program (FIP)* – This program coordinates federal TANF and state funds to support monthly cash assistance grants to eligible low-income families to cover basic needs. Eligibility is based on income and asset requirements, as well as children's age, and adults' cooperation with employment and training and child support requirements.
- *Food Assistance Program* – This program allows low-income households to receive food stamps that can be used at authorized retail food stores or approved meal providers. Funding is from the federal Food and Nutrition service, with state funds contributing to program administration and private funds leveraged in some localities to support program outreach.

**Table II: Federal and State Funding for Basic Needs, Economic Security & Child Safety for Children 0-5 and their Families**

<b>Program</b>	<b>State Agency</b>	<b>Est. FY07 funding for GS population</b>	<b>Federal/State Funding sources</b>	<b>Other Funds Leveraged</b>
<b>Basic Needs</b>				
Family Independence Program (FIP)	MDHS	\$191.5M <sup>12</sup>	- TANF - State general funds - Restricted retained child support	
Food Assistance	MDHS	\$488.5 M <sup>13</sup>	- Federal Food and Nutrition Service funds	- State general funds for administration - Private funds for outreach
Housing Choice Vouchers	MDHS	\$26.6M <sup>14</sup>	- Federal Housing Choice program funds	- Support from community partners including Habitat for Humanity and CAAs.
Public Housing for Homeless Families	MSHDA	\$1.4 M <sup>15</sup>	- Federal HOME funds - MSDHA's reserves	- 25% local match (may be capital or services)
Low-Income Home Energy Assistance	MDHS	\$21.6 M <sup>16</sup>	- Federal LIHEAP funds	- Support from energy providers
Refugee Assistance Program (RAP)	MDHS	\$1.3 M <sup>17</sup>	- Federal RAP funds - Discretionary grants	
Child Support Administration	MDHS	\$44.8M <sup>18</sup>	- Federal/state funds for operations and enforcement	- County matching funds - App. \$250 M in child support paid parents <sup>19</sup>
<b>TOTAL</b>		<b>\$775.7M</b>		
<b>Economic Security</b>				
Workforce/Jobs, Education and Training (JET)	MDHS	\$48.9 M <sup>20</sup>	- TANF - State general funds	
Employment and Training Programs: Employment Support	MDHS	\$16.3 M <sup>21</sup>	- TANF - State general funds	
Support for CAAs	MDHS	\$4.7 M <sup>22</sup>	- Community Services Block Grant	- CAA's have many other public/private funds

<sup>12</sup> 54 percent of total program funding supports the Great Start population. Estimate provided by MDHS.

<sup>13</sup> 40 percent of total program funding. Estimate by TFP takes into account that 17 percent of all food stamp recipients nationally are children ages 0-4 (Source: "Characteristics of Food Stamp Households, Fiscal Year 2005." Washington DC: USDA Food and Nutrition Service). This amount is more than doubled to account for children age five and the parents of children ages 0-5.

<sup>14</sup> 20 percent of total program funding, reflecting percentage of households served with children ages 0-5.

<sup>15</sup> 20 percent of total program funding; TFP's conservative estimate based on higher percentages of program funds serving the Great Start population through other programs supporting low-income families.

<sup>16</sup> 20.25 percent of total program funding reflects percentage of families assisted by MDHS with children ages 0-5.

<sup>17</sup> 16 percent of total program funding reflects percentage of arrivals ages 0-5.

<sup>18</sup> 18 percent of total program funding; reflects percent of child support caseload who are ages 0-5.

<sup>19</sup> 18 percent of total child support transfers; reflects percent of child support caseload that are ages 0-5.

<sup>20</sup> 54 percent of program funding, as program supports the same population served by FIP.

<sup>21</sup> 54 percent of total funds support this program. This percentage is based on an assumption that the population served by this program with TANF dollars is similar to population served by FIP. Funding estimate excludes program funding from the Food Assistance Employment and Training Program, which serves only adults without dependents.

TOTAL		\$69.9 M		
<b>Child Safety</b>				
Safe Sleep Statewide	MDCH	No current funding	- Previous support from Healthy Michigan Fund	- In kind support/ partnerships with state agencies and organizations
Community Interventions to Reduce Motor Vehicle-Related Injury to Children	MDCH	\$108,490	- CDC cooperative agreement	
Child Passenger Safety Training and Education	MDCH	\$180,000	- National Highway Traffic Safety Administration	
Safe Delivery	MDCH	\$80,000	- Title V	
Children's Protective Services	MDHS	\$351,850	- CAPTA - Children's Justice Act grants	
Children's Foster Care	MDHS	\$120M <sup>23</sup>	- Title IV-E - Title IV-B - Social Services Block Grant (SSBG) - Child Care Fund - State Ward & Board	
Adoption Services Program	MDHS	\$6 M <sup>24</sup>	- TANF - Title IV-B - Title IV-E - Medicaid - SSBG - State funds	
MI Domestic Violence Prevention and Treatment Board (MDVPTB)	MDHS	\$2.1 M <sup>25</sup>	- TANF - Federal Violence Prev. & Services Act - State general funds	- Local programs provide matching funds.
Public Housing-Domestic Violence	MSDHA	\$2.9M <sup>26</sup>	- Federal HOME funds - MSDHA's reserves	- 25 % local match (may be capital or services)
Rape Prevention and Education (RPE)	MDCH	Not available (n/a)	CDC Cooperative agreement	
TOTAL		\$131.7 M		
<b>TOTAL FUNDING FOR BASIC NEEDS, EC. SECURITY &amp; CHILD SAFETY</b>		\$977.3 M		

<sup>22</sup> 20 percent of total FY06 program funding. This represents TFP's conservative estimate based on higher percentages of program funds serving GS population through other programs supporting low-income families.

<sup>23</sup> 30 percent of total program funding for Great Start population. Estimate provided by MDHS.

<sup>24</sup> 50 percent of total program funding for Great Start population. (TFP estimate)

<sup>25</sup> 38 percent of total program funding reflects percentage of residential clients with children aged 0-5 in MDHS-funded programs.

<sup>26</sup> Estimate of 38 percent of total program funding. TFP estimate based on an assumption that population served is similar to MDVPTB programs.

- *Housing Choice Vouchers (HCV)* – This federally-funded program provides rental subsidies to low-income people in Michigan that may be used at private homes and apartments. HCV in Michigan also supports initiatives to encourage beneficiaries' to achieve economic independence and homeownership, and to assist homeless families. To support these initiatives, HCV leverages funding and in-kind support from community partners.
- *Public Housing- Homeless Families* – MSHDA supports the construction of public housing for families who are homeless. Funding comes from federal HOME formula grants as well as MSHDA's reserves. Housing is developed by local non-profit organizations, which are required to match funds with investment capital or in-kind services.
- *Low-Income Home Energy Assistance Program (LIHEAP)* – LIHEAP is a federal program that provides basic heating assistance, crisis assistance in emergencies and weatherization services for disadvantaged families in Michigan. Federal LIHEAP funding leverages financial support from private-sector energy providers, including DTE Energy, Consumers Energy, and Michigan Electric and Gas Association (MEGA)
- *Refugee Assistance Program* – This federally funded program helps refugees to become self-sufficient upon their arrival in the country. Assistance to individuals and families includes cash assistance, medical assistance, health screening, employment services and employment support, unaccompanied minors foster care, outreach services and cultural adjustment assistance. Funding comes from federal sources, most notably the federal Refugee and Entrant Assistance formula grant.
- *Child Support* – Child support payments contribute to the basic needs and economic security of Michigan's young children. Michigan braids federal, state and local matching funds to support program administration and enforcement. Child support payments are paid directly from parent to parent. When parents responsible for making child support payments are delinquent, the state can pursue collections on behalf of the custodial parent.

### **Local and Private Support for Basic Needs Programs:**

#### **Family Resource Centers**

Three local school districts in Michigan have family resource centers that serve early childhood centers. Family resource centers, which typically serve elementary and middle schools, provide school-based access to human services and resources. Family Independence Specialists from MDHS are assigned to school sites to assist at-risk families in accessing services, such as FIP, Food Assistance, Medicaid and child care. Centers are not supported with federal or state funds; instead local, ISD or private funds support their operations.

#### *Economic Security Programs*

The following three programs promote longer term family self-sufficiency and economic security. They are supported with funding from TANF, CSBG, and state matching funds.

- *Workfirst/Jobs, Education and Training (JET)* – MDHS coordinates TANF and state general funds to support employment, education and training services for adults in the Family Independence Program. 25 regional Michigan Works! Agencies located throughout the state coordinate these services.
- *Employment and Training Programs: Employment Support Services* – This program provides transportation assistance, child care, clothing allowances and moving expenses to help low-income adults overcome obstacles to employment and financial independence. Funding is primarily from TANF and matching state funds; it is coordinated by Michigan Works! Agencies.
- *Support for Community Action Agencies: Community Services Block Grant (CSBG)* funding flows through MDHS to 30 community action agencies (CAAs) across the state to provide services, such employment support and assistance with basic needs, with the goal of helping low-income families to achieve self-sufficiency. CSBG provides core funding for CAAs, but local agencies typically leverage additional public and private funding to support their mission.

#### *Child Safety Programs*

Federal and state- funded programs listed below support the Great Start goal of promoting child safety by promoting safe sleep and driving practices, as well as providing safe living environments for children at risk of abuse and neglect. Funding for these programs comes from

sources as diverse as the National Highway Traffic Safety Administration, the Centers for Disease Control and Prevention (CDC) and federal and state child welfare programs:

- *Safe Sleep Statewide*: Safe Sleep Statewide is a partnership of state agencies and community-based organizations to guide coordinated state efforts to implement Safe Sleep practices and reduce infant deaths due to unsafe sleep environments. Funded in 2005 with the Healthy Michigan Fund, the program receives no current dedicated funding, but relies on ongoing state partnerships and in-kind agency support to oversee a website and online trainings.
- *Community Interventions to Reduce Motor Vehicle-Related Injury to Children* – With support from a CDC grant, MDCH funds community-based organizations to promote booster seat programs and other safety interventions for targeted families with children between the ages of four and eight.
- *Child Passenger Safety Training and Education* – The National Highway Traffic Safety Administration supports MDCH and community-based organizations in their efforts to carry out the recommendations of the state Child Passenger Safety (CPS) plan, which includes activities such as CPS training, child safety seat check up events, and dissemination of educational materials to parents.
- *Safe Delivery*: This program, fully funded by the Maternal and Child Health Block Grant (Title V), provides information to the public and training and technical assistance to emergency service providers regarding the Safe Delivery Law, which aims to prevent serious harm or death to infants by providing opportunities for safe surrender of newborns to specific authorities.
- *Child Protective Services (CPS)* – MDHS coordinates two federal funding streams, Child Abuse Prevention and Treatment Act (CAPTA) and Children’s Justice Act (CJA) grants, to support investigations of child abuse or neglect and assessments of child safety. CAPTA and CJA grant funds are separate funding streams, but services and initiatives are tracked to assure that supports developed are not duplicated.
- *Children’s Foster Care* – Michigan’s foster care program provides emergency shelter and services for children removed from parental custody. MDHS coordinates several funding sources, including Title IV-E, the primary source of funding for children in out-of-home placements, as well as SSBG and Medicaid, to support the well-being of children in foster care. The Child Care Fund (local funds matched with state general funds) supports foster care for children ineligible for Title IV-E.

- *Adoption Services* – This program provides for adoption planning and permanent placement of children who are permanent wards of the state. Services provided include assessing children’s placement needs and recruiting adoptive families. This program is supported with TANF, Title IV-E and state general funds.
- *Michigan Domestic Violence Prevention and Treatment Board (MDVPTB)* – MDVPTB braids TANF funds, federal Violence Prevention and Services Act grants, and state general funds to support contracts for emergency shelter and related services for adult victims of domestic violence and their children. Services also include rape prevention, transitional supportive housing and education of service providers. Local programs provide matching funds.
- *Public Housing- Victims of Domestic Violence* – In addition to constructing housing for homeless families, MSHDA contracts with local nonprofit organizations to construct and acquire housing for victims of domestic violence. Funding comes from the federal HOME formula grants and MSHDA’s reserves, along with a required local match.
- *Rape Prevention and Education* – With support from the Center for Disease Control and Prevention (CDC), MDCH supports local and statewide sexual violence prevention programs for both children and adults.

**Private Funding for Child Safety**

Safe Kids Michigan carries out the mission of Safe Kids Worldwide to prevent unintentional injuries to Michigan children ages 0-14. MDCH is the lead agency for the statewide coalition, while local Safe Kids affiliates act as community resources on injury prevention best practices and distribute free or low-cost safety devices. While no funding is currently available at the state level, local affiliates receive mini-grants from the international organization Safe Kids Worldwide, and use these grants to leverage additional private and public funds.

**Physical Health**

MDCH administers most of the estimated \$907 million in federal and state funding that supports physical health services for the Great Start population. The majority of funds cover the general health care needs of pregnant women and young children, while additional federal and state funding supports public health programs and programs that support nutrition for pregnant women and young children. In several notable cases, local and private funders in Michigan dedicate resources to fill gaps in federal and state support, including local funding supporting Medicaid outreach and nutrition services and private support for oral health programs

**Table III: Federal and State Funding for Physical Health Programs for Children 0-5 and their Families**

<b>Program</b>	<b>State Agency</b>	<b>Est. FY07 funding for GS population</b>	<b>Federal/State Funding sources</b>	<b>Other Funds Leveraged</b>
<b>General Prenatal and Child Health</b>				
Medicaid, including EPSDT and MOMS programs	MDCH	\$550 M <sup>27</sup>	- Federal Medicaid funds - State matching funds	
MI Child	MDCH	\$10 M <sup>28</sup>	- Federal SCHIP funds - State matching funds	
Prenatal Services	MDCH	\$1.6 M	- Healthy MI Fund	
Local Medicaid Outreach	MDCH	n/a	- Medicaid	- Local funds
<b>TOTAL</b>		<b>\$561.6 M</b>		
<b>Public Health Programs</b>				
Pregnancy Risk Assessment and Monitoring System (PRAMS)	MDCH	\$240,000	- Title V - CDC funds	
Prenatal Smoking Cessation	MDCH	\$10,000	- Medicaid - State general funds	
Fetal Alcohol Spectrum Disorders (FASD) Program	MDCH	\$200,000	- Title V	
Fetal Alcohol Syndrome (FAS) Prevention Project	MDCH	\$450,000	- CDC Funds	
Infant Mortality Coalitions	MDCH	\$1.3 M	- Medicaid - Healthy Michigan Fund	- State seed funding leverages local resources
Infant Mortality Initiative	MDCH	\$80,502	- Medicaid - Healthy Michigan Fund	
Fetal Infant Mortality Review	MDCH	\$255,445	- Title V - Health Michigan Fund	- Local resources - Localities leverage other public and private funds.
MI Maternal Mortality Surveillance Program	MDCH	\$58,790	- Title V	- Time volunteered by committee participants
Local Maternal Child Health Block Grants	MDCH	\$7.1 M	- Title V - Healthy Michigan Fund	- Supplements other funding sources.
Newborn Genetic Screening	MDCH	\$8.2 M	- Fee-for-service - Healthy MI fund	
Immunizations	MDCH	\$10.5 M	- CDC funds - Title V - Medicaid - Healthy MI Fund	- \$500,000 from sale of state biologic production facilities - Local resources - Local agency fees
Early Hearing Detection and	MDCH	\$721,000	- Title V - CDC funds	

<sup>27</sup> Estimate of total Medicaid funding for children ages 0-5 and pregnant mothers provided by MDCH.

<sup>28</sup> Estimate of MI Child spending on children ages 0-5 provided by MDCH.

Intervention (EHDI)			- State funding	
Hearing Screening	MDCH	\$466,421	- State funding - Medicaid	- Local funds
Vision Screening	MDCH	\$753,000	- State funding - Medicaid	- Local funds
Child Lead Poisoning Prevention/Healthy Housing Section	MDCH	\$5.8 M	- CDC grant - Title V - HUD grant - EPA grant - State general funds: - Healthy MI fund	- In kind resources from local agencies - Medicaid match specific prevention activities
Child & Adolescent Health Centers	MDCH/ MDE	\$475,000 <sup>29</sup>	- Medicaid - State School Aid funds	- 30% match required from local grantees
Children Special Health Care Services	MDCH	\$60 M <sup>30</sup>	- Medicaid - Title V - State general funds	
Ryan White Treatment Modernization, Part D	MDCH	n/a	- Federal Ryan White grant	
Family Support Subsidy	MDCH	\$3.2 M <sup>31</sup>	TANF	
Adoption subsidy	MDHS	\$56.4 M	- Title IVE - TANF - State general funds	
Family Planning	MDCH	\$9.7 M <sup>32</sup>	- Title X (Family Planning) - Title V - Medicaid/other public insurance - Preventive Block Grant - State funding	- Client collection/self pay - Private insurance - Local government grants and contracts - Donations - Fundraising/private grants
Family Planning: Plan First	MDCH	n/a	- Medicaid - State general funds	
TOTAL		\$165.9 M		
<b>Nutrition/Obesity Prevention Programs</b>				
Supplemental Nutritional Services (WIC)	MDCH	\$135.9 M	- Federal WIC funds	- \$51.4 million from food manufacturers. - Local resources
Child and Adult Food Care Program	MDE	\$43.8 M <sup>33</sup>	- Federal Child and Adult Food Care	
Obesity Prevention Program	MDCH	\$170,000 <sup>34</sup>	- CDC funds - Healthy Michigan Fund	- Leverages local, federal and private resources
TOTAL		\$179.9 M		
<b>TOTAL FUNDING FOR PHYSICAL HEALTH</b>		<b>\$907.4 M</b>		

<sup>29</sup> Five percent of total program funding reflects estimate of percentage of children served who are ages 0-5.

<sup>30</sup> 30 percent of total program funding reflects percentage of children served who are ages 0-5.

<sup>31</sup> 18 percent of FY2006 total program funding reflects percentage of children served who are ages 0-5 in most recent fiscal year where data is available.

<sup>32</sup> 50 percent of FY07 funding from federal and state sources reflects estimate from MDCH of how many individuals receiving services have children ages 0-5.

<sup>33</sup> 85 percent of FY06 program funding; estimate for Great Start population provided by MDE.

<sup>34</sup> 20 percent of total FY07 program funding; estimate provided by MDCH.

### General Prenatal and Child Health

Medicaid is the primary source of public funding providing health care coverage for pregnant women and young children. Additional support from the federal State Children's Health Insurance Program (SCHIP) and the Healthy Michigan Fund provide health care coverage for children and families with incomes just above Medicaid eligibility. MDCH braid funds together at the state level to provide a seamless system of care for qualifying families.

- *Prenatal Care* – Through the Maternity Outreach and Medical Services Program (MOMS), Medicaid covers outpatient pregnancy-related expenses during the prenatal and postpartum period, as well as inpatient delivery services for women who have incomes up to 185 percent of the federal poverty rate (FPL). The Healthy Michigan Fund covers prenatal care for women who do not qualify for Medicaid or have private health insurance.
- *Health Care for Young Children* – Early Periodic Screening Diagnosis and Treatment (EPSDT) is Medicaid's national system of providing well-child visits and referrals for medically necessary follow-up for children under age 21. Eligibility for Medicaid in Michigan is 185 percent FPL for infants and 150 percent FPL for children ages 1-15. Children in families with incomes up to 200 percent of the FPL, who do not qualify for Medicaid, are eligible for the MI Child Program, supported with SCHIP Funds
- *Medicaid Local Outreach* – Medicaid funding also matches local public health agencies' investments in Medicaid outreach, which may include efforts to disseminate information on how to apply for services, eligibility and what services are covered.

### Public Health Programs

Several federal funding sources, including Medicaid, Title V, grants from the Center for Disease Control and Prevention (CDC), as well as the Healthy Michigan Fund, support a wide range of public health programs for the Great Start population:

- *Pregnancy Risk Assessment and Monitoring System (PRAMS)* – With support from Title V and a CDC grant, MDCH administers an ongoing population-based survey of postpartum mothers who delivered live births in Michigan to inform the development and implementation of maternal and infant health interventions to reduce infant mortality, low birth weight, and other adverse birth outcomes.
- *Prenatal Smoking Cessation: Smoke Free for Baby and Me*: This MDCH program trains staff providing prenatal care to Michigan women to provide counseling in prenatal

smoking cessation. The program is funded with a blended pool of Medicaid and state general funds.

- *Fetal Alcohol Spectrum Disorders Programs* – MDCH supports local health departments and contractors in providing screening, prevention and referrals to services for women of childbearing-age at risk of alcohol-exposed pregnancy as well as children suspected of being exposed to alcohol in utero. This program is fully funded with Title V dollars. A discretionary grant from the CDC supports fetal alcohol syndrome prevention activities within the city of Detroit.
- *Infant mortality Coalitions/Infant Mortality Initiative* – With blended funding from the Healthy Michigan Fund and Medicaid, MDCH provides seed funding for 11 local coalitions in high risk communities to support local needs assessment and efforts to reduce the incidence of infant mortality. Coalitions are also implementing the Interconception Program, to improve the health of African American women who had previous poor birth outcomes. Using the same sources of funding, through the Infant Mortality Initiative, MDCH supports research and development of evidence-based strategies to improve birth outcomes and technical assistance to the Coalitions.
- *Fetal Infant Mortality Review (FIMR)* – FIMR provides funding to support technical assistance to local multi-disciplinary teams to identify and examine the factors that contribute to fetal and infant deaths and to make recommendations to prevent future deaths. Funding from Title V and the Healthy Michigan Fund are blended together to support training and technical assistance to local sites; localities leverage their own resources through public and private grants.
- *Michigan Maternal Mortality Surveillance Program* – MDCH also uses Title V funding to support a program to review cases of maternal deaths (within a year post-pregnancy), to understand data and trends, and to make recommendations to prevent future maternal deaths, illnesses and complications. Title V funding supports core staff support, but committees reviewing maternal death cases volunteer their time to their program.
- *Local Maternal Child Health (LMCH) Block Grants* – LMCH Block Grants are flexible, supplemental funds that support local public health agencies in providing maternal and child health services that address needs identified through national and state performance measures and local assessments. Funding from Title V and the Healthy Michigan Fund is pooled at the state level and distributed to localities on a formula basis.

- *Newborn Genetic Screening* – Every infant born in Michigan is screened for genetic disorders. Children are then identified for follow-up by nurse consultants. Screenings are largely covered through fees-for-service model, which are then typically billed to private insurance or Medicaid. In cases where children are not eligible for these forms of coverage, providers are responsible for seeking payment from families.
- *Immunizations* – Immunizations are required of all Michigan children, with the exception of families who opt out for religious reasons. MDCH blends funds from CDC and the Healthy Michigan Fund together into a unified funding pool and funds are allotted to public health agencies. Medicaid, Title V, and funds from the sales of a state biologic production facility supplement this funding.
- *Early Hearing Detection and Intervention Program* – MDCH pools Title V, a CDC grant and state funds to support a coordinated community-based system of hearing healthcare for infants and young children. Services include trainings to health care professionals and parent support programs for parents of children who are deaf and hard of hearing.
- *Hearing and Vision Screening* – According to Michigan law, all children are required to be tested for hearing or visual deficits at regular intervals, including once between the ages of three and five. Screenings are administered by local health departments; local and state funding draws down matching funds from Medicaid.
- *Child Lead Poisoning Prevention/Healthy Housing Section*– MDCH supports local public health agencies in Michigan to screen children for lead poisoning and refer them for treatment as needed. Additionally, MDCH promotes awareness of the dangers of child lead poisoning and lead paint removal. Grants from CDC, Title V (for prevention) and HUD and EPA (for remediation) are coordinated with the Healthy Michigan Fund to support these activities. Some local agencies also provide their own in-kind resources. Local agencies may also receive matching Medicaid funding for case management, as well as nurse and environmental visits to children with high blood lead levels.
- *Child and Adolescent Health Centers* – This program provides base support to school-based and school-linked centers providing clinical and non-clinical (ex. health screening and health education) services. While the target population is children and youth ages 5-21, the program also serves the infants and small children of teen parents, and in some cases, the younger siblings of school-age children. To support this program, State School Aid funds are transferred from MDE to MDCH, where they

draw down Medicaid matching funds. A 30 percent match is also required from grantees.

- *Children's Special Health Care Services* – This program covers medically necessary services for children with chronic or disabling illnesses. MDCH braids Medicaid, Title V, and state general funds to support a set of services for both for children who are eligible for Medicaid and those who are not eligible for Medicaid.
- *Ryan White Treatment Modernization Act, Part D Program*– This discretionary federal grant supports improved access to family-centered primary medical care, research and support services for HIV-infected women, infants, children and youth, including increased linkages to established systems of care to coordinate service delivery.
- *Family Support Subsidy* – This program, supported with TANF dollars, provides financial assistance to families with children who have severe developmental disabilities. Families receive a monthly payment to help cover expenses necessary for the special care of their child.
- *Adoption subsidy* – This program provides support and medical subsidies to adoptive families of special needs children, who have been in the foster care system, to help them cover the cost of caring for their child. The program has two components with identical benefits: one serving only Title IV-E-eligible children and another funded with TANF and state funds for a broader population. For children who do not meet Title IV-E requirements, subsidies are determined by family income.
- *Family Planning Programs* – The Michigan Family Planning Program makes available general reproductive health assessment, comprehensive contraceptive services, related health education and counseling, and referrals to every citizen of the state, including many adults with young children. The program's educational and counseling component helps to reduce health risks and promote healthy behaviors. Funding for services comes from a variety of sources, including Title X, Title V, Medicaid and state general funds. Family Planning Plan First! is a new Michigan initiative that provides services to women age 19-44 to help reduce the incidence of closely spaced pregnancies and to decrease the number of unintended pregnancies, in order to support healthier pregnancies, better birth outcomes and improved child health. Plan First! is funded with Medicaid and state general funds.

### **Private Support for Public Health Programs:**

*Delta Dental Foundation Investment in Oral Health:* The Delta Dental Foundation invested \$250,000 in 2006 in a two-year grant to support statewide oral health initiatives for children. MDCH uses these private funds to support programs for children ages 0-5, including community water fluoridation and the VARNISH! Michigan Program, which provides fluoride varnish to Early Head Start and Head Start children. This private funding filled a gap where public funds had not been available and leveraged the in kind services of a state Oral Health Fluoride/Education Coordinator, whose salary is funded through a CDC grant.

*Welcome Newborns Program of Delta County:* Since 1996, the Community Foundation for Delta County has contributed funding to the Welcome Newborns Program of Delta County, a collaborative effort of agencies and funders that provides every family with a newborn child with a tote bag of resources, including information on infant development and the need more immunizations. The Foundation contributes \$5000 of the program's \$22,000 budget, with additional funding coming from MSU Extension, a local hospital, United Way, and local businesses. Despite this relatively small investment, a survey by the county health department showed that the program as associated with an increase in the county vaccination rate from 50 to 90 percent over a period of only a few years.

### *Nutrition and Obesity Prevention Programs*

Three notable federally-funded programs support the provision of nutritious food, nutrition education and other services to promote healthy eating and obesity prevention for pregnant women and young children.

- *Supplemental Nutrition Program for Women, Infants and Children (WIC)* – WIC is a federal program providing nutrition education, supplemental foods, breastfeeding promotion and support and referral to health care to low- and moderate-income pregnant, breastfeeding and postpartum women, and infants and children up to age five. In addition to funding from the federal WIC program, food manufacturers in Michigan and some localities also support this program. While stringent WIC guidelines prevent local agencies from blending funds with other public resources, local agencies administering WIC typically refer WIC recipients to local prenatal and lead poisoning prevention programs.

- *Child and Adult Food Care Program* – This federal entitlement program provides subsidies to eligible center-based, family child care providers, and relative caregivers to cover the cost of nutritious meals for children up to age 12.
- *Obesity Prevention Program* – With support from a CDC grant and the Healthy Michigan Fund, MDCH works with state and community agencies, organizations and health systems to implement interventions focused on increasing physical activity and healthy eating, to implement policy and environmental changes that support healthy behaviors, and to develop clinical guidelines to prevent and manage obesity for children and adults. This program leverages additional public and private resources at the community level.

#### **Kent County Funding for WIC and Lead Testing**

Kent County invests approximately \$1.7 million of local general funds to support the WIC program, in order to ensure that all eligible county residents who meet federal eligibility guidelines can be served. Without this local investment, the county would need to maintain a waiting list for their WIC program. Kent County also contributes over \$100,000 in local funding to support lead poisoning screening and lead remediation efforts.

#### **Social-Emotional Health Care**

TFP researchers identified only four major federally or state-funded programs in Michigan for which socio-emotional health was identified as the primary program goal. All are administered by MDCH or are discretionary grants that flow directly from federal agencies to grantees. The total federal and state investment in these programs for children from birth-five and their families is an estimated \$8.6 million, or less than one percent of total federal and state funding for early childhood in Michigan. This figure likely underestimates the total funding for social-emotional health supports for young children and their families, since a number of other programs highlighted in this study, such as Early On and Head Start, also provide social-emotional supports as part of their family support and early learning program goals. In addition, many localities and United Ways are supporting early childhood social-emotional health services.

**Table IV: Federal and State Funding for Social-Emotional Health Care for Children 0-5 and their Families**

<b>Program</b>	<b>State Agency</b>	<b>Est. FY07 funding for GS Population</b>	<b>Federal/State Funding sources</b>	<b>Other Funds Leveraged</b>
Community Mental Health Service Programs (CMSPs)/Prepaid Inpatient Health Plans (PIHPs)	MDCH	\$6.8 M <sup>35</sup>	- Medicaid - State general funds	
Child Care Expulsion Prevention	MDCH	\$1.8 M	- CCDF (infant and toddler quality earmark)	- Localities may fund their own programs with United Way or other local funds
Systems of Care Grants	Fed. Disc.	n/a	- SAMHSA Systems of Care grants	
Safe Schools, Healthy Students	Fed. Disc.	n/a	- Safe Schools, Healthy Students grants	
<b>TOTAL FUNDING FOR SOCIAL-EMOTIONAL HEALTH</b>		<b>\$8.6 M</b>		

Social-emotional health services are largely supported largely by Medicaid and matching state general funds. To support mental health services in child care settings, Michigan also utilizes federal child care funding, earmarked to support infants and toddlers. Finally, several Michigan counties and cities access federal discretionary funds to support children’s mental health services.

- *Community Mental Health Service Programs (CMHSPs)/Prepaid Inpatient Health Plans (PIHPs)* – CMHSPs and PIHPs provide home-based community mental health services, respite care, and case management to young children with serious emotional disturbances or developmental disabilities. They also provide support to parents with mental illnesses to address parenting issues and assure that their children’s needs are met. While largely funded by Medicaid, MDCH braids Medicaid with state general funds to meet the needs of individuals with the most severe mental health conditions or developmental disabilities.
- *Child Care Expulsion Prevention (CCEP)* – This program supports consultation by early childhood mental health professionals with child care providers and parents to help them care for young children with behavioral and emotional challenges that may put them at risk for expulsion from child care. Through an interagency agreement between MDCH and MDHS, Michigan allocates a portion of the federal CCDF infant and toddler

<sup>35</sup> Estimate of one third of one percent of total program funding reflects the percentage of children served who are ages zero-five.

earmark to fund competitive grants for local communities. Some localities have also accessed other (local or private) funding to support this program model. While not supported by the state, these local programs still have access to state CCEP training and technical assistance resources.

- *Systems of Care Grants*: This SAMHSA discretionary grant program supports local community efforts to improve and expand community-based systems of care for children with serious emotional disturbances and their families. SAMHSA is currently supporting program sites in both Lansing and Kalamazoo.
- *Safe Schools, Healthy Students* – This federal discretionary grant from the U.S. Departments of Education and Health and Human Services supports healthy child development by building linkages between education, mental health, law enforcement, juvenile justice and social services programs. The program has several federally-required program activities, one of which is the provision of early childhood psychosocial and emotional development services. There is currently one Safe School, Healthy Students program site in Michigan at the Delta-Schoolcraft Independent School District.

**Local Support for Social-Emotional Health Programs:**

**Eaton County Juvenile Millage**

A county juvenile millage in Eaton County supports a mental health program for children, from age three through their entry to school, and their families. Local funding of over \$100,000 per year supports two early childhood mental health therapists, who provide in-home services with parents and children at no cost to the families. There is no eligibility criteria for these services and families are typically referred to the program by other service providers.

**Family Support and Parenting Education**

Family support and parenting education programs are administered by several state agencies, including MDHS, MDCH, the Children’s Trust Fund (CTF), the state Court Administrative Office and the Bureau of Juvenile Justice. Their goal is to enhance accessibility to support families with a variety of personal needs and who present to a number of public agencies and systems. Family support programs help with income support, child health care, child mental health care, early literacy and learning and child protection. Total federal and state funding family support

and parenting education programs and services for the Great Start population is estimated at \$112 million (four percent of total estimated federal and state funding). In addition, Michigan localities and private funders contribute significantly to these programs, both through required and voluntary matching funds and by implementing their own family support initiatives.

Programs highlighted in this Great Start system component: a) provide family support and aim to prevent negative outcomes for children, and b) help preserve or reunify families already in the child welfare system. Parenting education is a component of many of these programs.

<b>Table V: Federal and State Funding for Family Support and Parenting Education for Children 0-5 and their Families</b>				
<b>Program</b>	<b>State Agency</b>	<b>Est. FY07 funding for GS population</b>	<b>Federal/State Funding sources</b>	<b>Other Funds Leveraged</b>
<b>Family Support/Prevention Programs</b>				
Prenatal Care Demonstration	MDCH	\$58,200	- State funds	
SIDS and Other Infant Death Syndrome	MDCH	\$321,300	- Title V	- Local resources raised by MDCH contractor
Nurse-Family partnership	MDCH	\$1.8 M	- Healthy MI Fund - Medicaid	- Local funds cover 25% of program costs.
Maternal Infant Health Program	MDCH	\$8.1 M	- Federal Medicaid funds - State matching funds	
Parents as Teachers	MI PIRC	\$408,500	- Federal Parent Information Resource Center (PIRC) grant	- Local and foundation funding
Great Parents, Great Start	MDE	\$5 M	- State School Aid Funds	Match with local or other non-state funding is required.
Early On	MDE	\$55 M <sup>36</sup>	- IDEA, Part C - State special ed. funds	- Local special ed. funds - Medicaid
Zero-Three Prevention	CTF	\$6.3 M	- MDE state funds - MDCH state funds - TANF	25% local match required, no more than 10% may be in kind. Matches typically from private donations, United Way, fundraisers, etc.
Children's Trust Fund Direct Service grants	CTF	\$525,000 <sup>37</sup>	- Federal Community-Based Child Abuse Prevention grant (CBCAP) - Income tax check-off - Children's license plate sales	- Direct donations to CTF - Fundraising events - CTF investment income - Required local cash/in kind matches from grantees from fundraising/ private sources
Children's Trust Fund Local Councils	CTF	\$386,325	- CBCAP - Income tax check-off	- Direct donations to CTF - Fundraising events

<sup>36</sup> Estimate of total federal and state funding provided by MDHS

<sup>37</sup> 50 percent of total program funding supports GS population. Estimate provided by Children's Trust Fund

			- Children's license plate sales	- CTF investment income - Required local cash/in kind matches from grantees.
Strong Families/Safe Children	MDHS	\$5.6 M <sup>38</sup>	- Title IV-B	- Local communities leverage other resources (local/private)
Designated Women's Programs	MDCH	\$4.5M	- Substance Abuse Prevention and Treatment Block Grant	- Programs may access Medicaid, private insurance, or funding from courts.
TOTAL		\$88 M		
<b>Family Preservation Programs</b>				
Family Preservation Programs (FFM/FRP & FGDM Program Models)	MDHS	\$9.3 M <sup>39</sup>	- TANF	
Family Preservation (CSPP and CP/CP)	MDHS	\$8.9 M <sup>40</sup>	- TANF	
Child Care Fund- In-Home Services	MDHS	\$5.9 M <sup>41</sup>	-State general funds (match local funds on dollar-for dollar basis)	- \$5.9 million in local funds
Family dependency courts	Court Admin. Office	\$108,868 <sup>42</sup>	- State general funds	- Local matching funds - Federal discretionary grant
TOTAL		\$24.2 M		
<b>TOTAL FUNDING FOR PARENT EDUCATION/FAMILY SUPPORT</b>		<b>\$112.2 M</b>		

### Family Support and Prevention Programs

Family support and prevention programs typically provide parent education, home visiting services or other community services to support families, often targeted those with known risk factors for abuse and neglect or other negative child outcomes. Other programs offer support to families whose children have disabilities or who have suffered the loss of a child. Family support programs may also support broader population-based messages about child development and appropriate parenting behavior. A range of funding sources, including TANF, the federal Community-Based Child Abuse Prevention Block Grant (CBCAP), the Substance Abuse

<sup>38</sup> Ibid

<sup>39</sup> 40 percent of total program funding. Estimate based on Michigan state data demonstrating that 40% of abuse/neglect cases in the state are between the ages of 0-6. (Source: Michigan Department of Human Services. "Foster Care Fact Sheet". MDHS, December 2006.)

<sup>40</sup> Ibid

<sup>41</sup> Current state funding for 58 local programs that serve children 0-5 and their families. This is likely an overestimate, as programs do not exclusively serve families in this age group.

<sup>42</sup> 70 percent of program funding; reflects percentage of a random sample of children in program who are ages 0-5.

Treatment and Prevention (SAPT) Block Grant, as well as state, local and private funds support these services.

- *Prenatal Care Demonstration* – A state-funded local demonstration program, this program provides counseling and educational support to women experiencing a perinatal loss to help them to prepare for their next pregnancy.
- *SIDS and Other Infant Death Program* – This program provides education to the public about the risks of SIDS as well as grief support for those affected by an infant death. The program is supported with Title V funds. A private contractor carrying out the program contributes their own resources and leverages other sources of funding.
- *Nurse-Family Partnership* – This program matches registered nurses with high-risk, low-income pregnant women. Nurses provide intensive support and health services to women during their pregnancies and for the two years following birth. A combination of the Healthy Michigan Fund and Medicaid funding supports this program in some Michigan communities. Local programs contribute up to 25% of programming costs.
- *Maternal Infant Health Program* – This is a Medicaid-funded program that supports pre-natal and post-delivery psycho-social interventions for pregnant women who are Medicaid beneficiaries. This program supports a range of family support program models and also provides physical and social-emotional support to pregnant women and infants.
- *Parents as Teachers* – Michigan's Parent Information Resource Center (PIRC) accesses a discretionary federal PIRC grant to serve as a resource and training center for over 100 Parents as Teachers sites throughout the state. Parents as Teachers sites raise their own funds to offer research-based curriculum that involves home visiting for parents of pre-school children, child-parents playgroups, as well as screening and referrals.
- *Great Parents/Great Start (GP/GS)* – GP/GS is an MDE program that funds local intermediate school districts to provide parents with information about child development, and supports targeted services to promote school readiness among young children in at-risk families. Funding is entirely from state general funds and requires a local match. GP/GS funding may be coordinated with other family support programs at the local level.
- *Early On* – Early On is Michigan's coordinated approach to provide early intervention services children from birth-three years old with disabilities and developmental delays and their families. Led by MDE, this program is coordinated with MDCH and MDHS. Using federal IDEA, Part C funding, the state provides formula grants to intermediate school districts to identify, evaluate, and coordinate early intervention services across public and private agencies. About one third of children eligible for Part C also meet more stringent

special education criteria and are receive services funded with state special education funds.<sup>43</sup> Services are meant to support families and to prevent more costly special education services for older children. ISDs may also leverage other funds, including Medicaid, to support services for children with disabilities.<sup>44</sup>

- *Zero-to-Three Secondary Prevention* – Administered by the Children’s Trust Fund (CTF), this program represents a coordinated interagency effort to support targeted child maltreatment prevention for at-risk families of children from birth to age three. CTF relies on a blended funding stream with contributions from three state agencies and makes grants to local community-based collaborative organizations for a range of prevention activities. Local communities are required to provide matching funds.
- *CTF Direct Service Grants* – CTF also administers direct service grants to local agencies to prevent child abuse and neglect for children of all ages. CTF coordinates the federal CBCAP grant with income from license plate sales, an income tax check-off, fundraising and donations to support these grants. Local agencies receive start-up grants to fund home visiting, parenting education, mentoring, respite care and other prevention activities; increasing local matches are required during the grant period.
- *CTF Support for Local Councils* – CTF also uses its federal grant and other revenues to support the administration of local councils focused on child abuse and neglect prevention in nearly all of Michigan’s counties. Councils conduct annual assessments and develop prevention plans, provide local technical assistance and lead local collaborative efforts to prevent child abuse and neglect. Local matches are required from grantees.
- *Strong Families/Safe Children* – This MDHS initiative utilizes Title IV-B federal funding to provide seed funding to community collaborative groups for preventive and remedial services to at-risk families. Specific services are based on an assessment of local needs by community collaborative groups. While there is no match requirement, communities are expected to leverage additional resources.
- *Substance Abuse Treatment: Designated Women’s Program* – Designated Women’s programs, funded by MDCH with the SAPT Block Grant, provide residential or outpatient treatment for mothers, who may or may not have custody of their children. Programs offer parenting classes, child care services and, in some cases, therapeutic interventions for children. In addition to the SAPT Block Grant, treatment centers may access other sources

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<sup>43</sup> Michigan is a birth mandate state, meaning that the special education system is required to serve children beginning at birth.

<sup>44</sup> For more information on Early On funding in Michigan, see Susan Mackey Andrews and Karleen Goldhammer. *Michigan Early On Early Intervention Fiscal Study*. Solutions Consulting Group, February 2007.

of funding, such as Medicaid, private insurance, and funding from courts to support court-ordered treatment.

#### **Private Support for Family Support and Parenting Education Programs**

- *Steelcase Foundation Healthy Start Program:* The Steelcase Foundation provides \$250,000 to support the Healthy Start home visitation program in Grand Rapids. The Foundation has funded this initiative for ten years and has decreased funding over time in an effort to encourage the program to seek sustainable funding. The Foundation has also been successful in leveraging \$600,000 from Kent County general funds to support this program. (See text box on local support for family support and parenting education for more information.)
- *Kellogg Foundation- Support for Judicial System Reform:* The Kellogg Foundation is currently providing \$5 million in grants to support Eaton and Kalamazoo counties to implement an innovative new model of addressing child custody issues in their local judicial systems that aims to prevent negative child and family outcomes.

## Local Support for Family Support and Parenting Education Programs

- *Saginaw County Birth-to-Five Parenting Education Program:* Since 2001, the local school districts and the Intermediate School District in Saginaw County have used their general funds to support the Birth-Five Parent Education program. The 13 local school districts annually allocate \$460,000 for programming and the ISD provides \$50,000 for operational costs. Funding for this program must be approved on a year-to-year basis.
- Kent County provides \$800,000 annually from its general fund for Healthy Start and Bright Beginnings (Parents as Teachers) home visiting programs and \$880,000 for an Early Impact program to prevent child abuse and a family engagement program to prevent substance abuse. General funds are dedicated to these prevention initiatives with additional funding provided for program evaluation. The County also invests \$2 million in matching funds to the Maternal Infant Health program.
- *St. Joseph's County Healthy Families Program:* The St. Joseph County Commissioners supported the Healthy Families program with \$30,000 in 2006 and \$35,000 in 2007. This funding supports a home visitation program using the national Healthy Families America model, which provides assessment and parenting education services, as well as facilitating activities for parents to do with their children.
- *Wayne County Visitation Program:* The statewide Michigan Council on Crime and Delinquency administers a local program in Wayne County that provides for consistent visitation between mothers in prison and their children. Services include facilitated visits, support groups for children, parenting classes for mothers, and referrals to other community supports. The visitation program is supported with the Strong Families, Safe Children program and with \$80,000 in funding from the county general fund.
- *Branch County Family Success Program:* Branch County's Family Success Program provides home visiting and, weekly parent-child playgrounds and parent educational meetings, using the Parents as Teachers curriculum. The county ISD provides general fund dollars to support this program. The value of this funding, which includes state dollars, local tax dollars and United Way contributions was about \$50,000 in the past year. This funding supplements support from state programs, including Great Parents, Great Start and Zero-to-Three Secondary Prevention.

### Family Preservation Programs

The following programs support efforts to preserve and/or reunify families already in the child welfare system. The vast majority of funding for these programs is provided by TANF. Funding for these programs accounts for appropriately one fifth of all federal and state funding in the family support and parenting education Great Start component:

- *Family Preservation Programs (FFM, FRP & FGDM)* – MDHS contracts with private agencies for several family preservation programs for at-risk families. Families First of Michigan (FFM) provides intensive short-term crisis services for at-risk families - those on verge of having a child removed. The Family Reunification Program (FRP) provides intensive services to assist in the safe reunification of children from foster care to the home of their parents. Family Group Decision-making (FGDM) helps families to develop and implement a plan to provide for the safety of their children. These programs are all supported exclusively with TANF funding.
- *Family Preservation Programs (CSPP & CP/CP)* – MDHS also uses TANF funding to contract with community-based organizations to support family preservation program models. The Child Safety and Permanency Plan (CSPP) and Child Protection/Community Partners (CP/CP) programs provide services to help children, primarily those who are DHS Children’s Services recipients, to remain safely in their own homes, to reduce repeat contact with the child welfare system and to reduce the length of out-of-home stays. Families receiving these services may also receive the services of local Wraparound Programs, a process that involves the coordination of community resources to support individualized family preservation plans.
- *Child Care Fund- In Home Care Program* – Many localities provide in-home care for children from birth-to-five and receive matching state funds through the state “Child Care Fund”. Most notably, several localities have implemented wraparound programs, family preservation programs, and homemaker programs, all of which help to prevent out-of-home placements or help children in out-of-home placements to return to their homes. Eligible programs funded by local governments receive dollar-for-dollar matching funds from state general funds.
- *Family Dependency Courts* – The Michigan Court Administrative Office uses state general funds to support “drug courts” that focus on helping drug offenders get treatment. At least seven of these Michigan court programs have set up family dependency courts that specifically address cases where children have been removed from a home due to an adult’s substance abuse. The courts aim to support substance

abuse treatment and promote family reunification. State funds support three of these courts (along with local matching funds); others use local funding and, in the case of one local court, a federal grant.

**Early Care and Education**

Approximately \$614 million, or nearly one quarter of all Michigan federal and state funding for the Great Start system, supports care and education for children before they enter kindergarten. The vast majority of these funds directly support programming, while nearly \$17 million funds statewide infrastructure, including professional development and efforts to coordinate programs and resources. Several state agencies, including MDE, MDHS, and ECIC administer funding for early care and education in Michigan. In addition, several federal discretionary grant programs, which flow directly to local grantees, fund early care and education programs. Local and private funders are also major contributors to early care and education; in many cases, filling gaps in federal and state support.

<b>Table VI: Federal and State Funding for Early Care and Education</b>				
<b>Program</b>	<b>State Agency</b>	<b>Est. FY07 funding for GS population</b>	<b>Federal/State Funding sources</b>	<b>Other Funds Leveraged</b>
<b>Early Care and Education Programs</b>				
Child Development and Care	MDHS	\$260.2 M <sup>45</sup>	- CCDF - SSBG - Title IVE - TANF - State general funds	
Child Care Access Means Parents in Schools (CCAMPS)	Fed. Disc.	\$346,006 <sup>46</sup>	- CCAMPS grants	
Foster Grandparents Program	Fed. Disc	n/a	- Corporation for National & Community Service grants	
Head Start	Fed. Disc.	\$227.7 million	- Federal Head Start funds	- 20% local match required
Michigan School Readiness Program (MSRP)- Competitive	MDE	\$12.3 M	- State general funds	
MSRP- School Aid	MDE	\$78.6 M	- State School Aid Fund	
Preschool Special Ed.	MDE	\$12.6 M	- IDEA, Part B	-State/local special ed. funds
Title I	MDE	n/a	- Title I	

<sup>45</sup> 59 percent of total program funding for children ages 0-5. Estimate provided by MDHS.

<sup>46</sup> 49 percent of total program funding reflects percentage of children in licensed care in Michigan ages birth-five.

Early Reading First	Fed. Disc.	\$2.2 M <sup>47</sup>	- Early Reading First federal grants	
Even Start	MDE	\$2.9 M <sup>48</sup>	- Federal Even Start funding	- Increasing local contributions required
TOTAL		\$596.8 M		
<b>Infrastructure</b>				
Child Care Licensing	MDHS	\$10.6 M <sup>49</sup>	- CCDF - SSBG - State general funds - Licensing fees	
Child care publications contracts	ECIC	\$352,000 <sup>50</sup>	- CCDF quality earmarks and discretionary funds	
Child Care Resource & Referral	ECIC	\$2.9 M <sup>51</sup>	- CCDF quality earmarks and discretionary funds	Some regional agencies receive other funding.
Child Care Training	ECIC	\$1.3 M <sup>52</sup>	- CCDF quality earmarks and discretionary funds	
TEACH program	ECIC	\$1.4 M <sup>53</sup>	- CCDF quality earmarks and discretionary funds	
Head Start Collaboration	ECIC	\$281,250		
TOTAL		\$16.8 M		
<b>TOTAL FUNDING FOR EARLY CARE AND EDUCATION</b>		\$613.6 M		

### Early Care and Education Programs

CCDF, Head Start, Title I, TANF, state school aid, general funds and special education dollars are among the many public funding sources that support early care and education programs. It is common for early care and education program providers to access funding from more than one of these programs to serve an array of children eligible for different programs and types of funding.

- *Child Development and Care* – Michigan’s Child Development and Care program provides subsidized child care for children when a parent or substitute parent is unavailable because of high school completion, employment, participation in an approved treatment program for a physical, mental or emotional condition, or

<sup>47</sup> One third of total three-year grant support for two Michigan sites. (Estimate of funding for one year.)

<sup>48</sup> 94 percent of total program funding reflects percent of children in program in the first half of FY07 who are ages 0-5.

<sup>49</sup> 49 percent of total program funding mirrors MDHS estimate of what percent of licensed providers serve children ages 0-5.

<sup>50</sup> Ibid

<sup>51</sup> 49 percent of total program funding. Estimate based on percentage of licensed care providers that serve children ages 0-5. (Note that a majority of providers in Michigan are not licensed, but instead enrolled with MDHS, so this percentage may not be accurate for the full population of child care providers in Michigan.)

<sup>52</sup> Ibid

<sup>53</sup> Ibid

participation in an approved employment-related activity. MDHS braids CCDF, SSBG, Title IV-E, TANF, and state funds at the state level to support early care and education for children in different eligibility groups.

- *Child Care Access Means Parents in School* – This federal discretionary program provides grants to seven Michigan colleges to support campus-based child care services that meet the needs of low-income students enrolled in higher education.
- *Foster Grandparents* – Another federal discretionary program, Foster Grandparents funds 22 Michigan community-based organizations to develop programs where part-time retired volunteers serve as mentors, tutors and caregivers to at-risk children with special needs.
- *Head Start* – Head Start is a federal discretionary program that provides grants to 38 local public and private agencies in Michigan to offer comprehensive child development services to low-income children. Programs focus on promoting school-readiness through educational, health, nutritional, social and other services for preschool-age children and their families.<sup>54</sup> While funded primarily with federal grants, Michigan’s Head Start grantees are required to contribute a 20 percent local match, which can come from public or private sources.
- *Michigan School Readiness Program (MSRP)* – MSRP is Michigan’s state-funded pre-kindergarten program. State general funds support competitive grants to center-based providers to serve children with identified risk factors and also support a home visiting program. The state School Aid Fund also supports MSRP allocations to school districts. MSRP providers apply for funding based on the number of MSRP-eligible children they are able to serve. Providers typically serve at-risk children who are not able to access programs such as Head Start or Preschool Special Education.<sup>55</sup> MSRP programs can be part-time or full-time; and providers may access CCDF to support wraparound care when pre-k is not in session.
- *Preschool Special Education* – This program uses federal IDEA, Part B funds to support individualized special education programs for children ages three-five with developmental disabilities. Federal funds leverage contributions from both state and local special education funding. Programs may be co-located with state MSRP or other

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<sup>54</sup> Funding for Head Start also includes support for Early Head Start sites that serve children from birth-three years of age.

<sup>55</sup> Note that MSRP is considered the “funder of last resort”, so it will not cover children who are served by these other programs.

preschool sites, but Michigan law prohibits teachers from teaching students served with this funding stream at the same time as general preschool students.

- *ESEA Title I* – Title I provides flexible federal funding to school districts with high poverty rates to improve teaching for children who are most at risk of school failure. According to an analysis by MDE, 23 of the state’s 560 school districts are currently using Title I funds to support preschool education. In these school districts, Title I funds are typically coordinated with MSRP to increase the number of children served, to expand the length of the pre-school year, or support ancillary services, such as transportation.
- *Even Start* – The federal Even Start program offers competitive grants to school/community partnerships to promote literacy for low-income children and families. Programs are required to integrate early childhood education, adult basic literacy and parenting education into a unified family literacy program. Even Start is fully funded by the federal Even Start program, and increasing local matches are required by grantees throughout the grant period.
- *Early Reading First* – This federal discretionary program provides three-year grants to support best practices in language and literacy education for preschool age students. Two Michigan programs are currently grantees.

### **Private Support for Early Care and Education Programs**

- *Kalamazoo Community Foundation Head Start Literacy Project:* The Kalamazoo Community Foundation considers early childhood one of their key funding priorities and donated over \$500,000 for early childhood services in the county during 2006. This funding supported school-based and community-based programs for young children, as well as literacy and learning projects in county Head Start programs. The Foundation's three-year support for the Kalamazoo County Head Start Literacy Project helped the local Head Start program to build the infrastructure to continue to offer a literacy-rich environment for young children after the grant came to an end this year. As part of this Project, the Foundation worked with local schools to track participating students through the fourth grade to evaluate the impact of early literacy skills on long-term academic performance.
- *Kellogg Foundation- Grandparents as First Teachers:* The Kellogg Foundation has provided \$200,000 in funding to Western Michigan University to support innovative practices in helping grandparents to be first teachers and providers for preschool-age children. This program has implementation sites both in and outside of Michigan.
- *Eaton County United Way Imagination Library:* This United Way provides \$20,000 to support the "Imagination Library", a program that mails local families who have young children a free book every month to promote early learning.

### **Local Support for Early Care and Education Programs**

- *Eaton County Early Childhood Coordinators:* Eaton County's juvenile millage supports the salaries of four local early childhood community coordinators who promote early childhood within the local school districts and operate literacy-based playgroups throughout the county. The county contributes over \$70,000 a year; the project is administered by the local United Way.
- *Lansing Child Care Scholarships:* The city of Lansing contributes \$66,000 in local general funds to the local child care resource and referral agency to support child care scholarships. The goal of the scholarship program is to support low-income families who do not qualify for MDHS child care assistance. The resource and referral agency typically awards about 30-35 scholarships for each six-month period and regularly runs a waiting list. The neighboring city of East Lansing runs a similar scholarship program.
- *Branch County In-Kind Support:* Branch County ISD provides in-kind administrative support for Head Start and the Michigan School Readiness programs, including payroll, personnel, accounts payable and receivable, business manager and superintendent services, technology specialists, and district maintenance) at no direct charge to the programs. For the past year, Branch County ISD valued these services at \$155,000.

### **Early Care and Education Infrastructure**

State systems, including licensing, resource and referral, training and Head Start collaboration help to improve the quality of early care and education in Michigan and ensure that programs are accessible to families. The following programs and activities to strengthen the early care and education infrastructure are primarily supported with federal CCDF funding, along with other federal and state funds.

- *Child Care Licensing* – A critical piece of Michigan's infrastructure for supporting child safety in child care settings is the state child care licensing program. MDHS blends

funds from CCDF, SSBG, Title IV-E, state general funds, as well as licensing fees, to support a system of child care regulation and monitoring.

- *Child Care Resource and Referral* – Michigan uses federal CCDF earmarks and discretionary funds to support contracts with the Community Coordinated Child Care Association (4C) Association and regional resource and referral (R&R) agencies to provide R&R services throughout the state. MDHS staff, who administer these programs, were recently detailed to ECIC.
- *Child Care Training/Publications* – Additional contracts, supported by CCDF funds and administered at ECIC, fund the 4C Association and Michigan State University Extension to provide trainings to child care providers. The curriculum is based on state child care core competencies and helps to prepare providers to earn a Child Development Associate (CDA) credential. Trainings are open to all providers and parents and financial incentives are provided to encourage relative care providers and child care aides to participate. In addition, ECIC has awarded two contracts for publications designed to provide child development, health and safety information, and resources for families and child care providers. One publication is distributed to regulated providers. The other goes to families receiving child care subsidies and to relative care providers.
- *TEACH Program* – ECIC administers another contract, using CCDF funds, to the 4C Association to support the TEACH program, a national program model that provides scholarships to child care providers to seek professional development opportunities.
- *Head Start Collaboration* – Michigan receives federal funding to support collaboration between Head Start centers and other state systems serving young children. In Michigan, the state Head Start Collaboration director has also been detailed to ECIC. The coordinator's current priorities include the development of early learning standards that apply across early care and education settings, a child care quality rating system, and oral health programs for young children through child care settings.

### **Private Support for Early Care and Education Infrastructure**

- *Heart of West Michigan United Way- Child Care Accreditation Initiative:* The Heart of West Michigan United Way is partnering with the local resource and referral agency to shepherd 15 new child care facilities through a process of national accreditation. The United Way has invested \$100,000 toward this initiative.
- *Wexford County United Way- Supporting Quality Early Learning Opportunities:* Wexford County United Way is engaging in public awareness and education year-round through use of “Born Learning” tools and educational materials. The Born Learning national public education campaign helps teacher, parents and caregivers how to make everyday moments into learning opportunities. The United Way also supports childcare provider trainings to fill gaps in existing local professional development opportunities. The total value for United Way staff and volunteer time for these initiatives in the last year is estimated at \$5000, with additional support from the Great Parents, Great Start program.
- *Michigan Chamber of Commerce- Early Childhood Tool Kit:* The Michigan Chamber of Commerce Executives and a local Chamber of Commerce have produced a Tool Kit to help local business leaders understand and speak about early childhood from a business perspective. Unveiled in 2006 at a statewide conference of local Chamber Executives, the Tool Kit has gained interest from business leaders and early childhood advocates. The local Chamber is partnering with a countywide Success by 6 initiative to pilot use of the Tool Kit to garner business support for early childhood/parenting support programs in southeastern Michigan.



## ANALYSIS OF THE EFFECTIVENESS OF CURRENT FUNDING

To assess the effectiveness of financing for the Great Start system, The TFP research team used several key criteria to determine which financing strategies and funding sources are most productive. These include:

- Diversification of funding sources – the mix of federal and state program funding, local revenues, foundation grants and other sources of private funding;
- Adequacy of funding – an assessment of critical gaps in support for key programming and infrastructure needs;
- Maximization – the extent to which state and local governments are drawing down the maximum amount of funding for which Michigan is eligible;
- Stability – the durability of funding commitments and the extent to which programs are at risk of funding cuts;
- Flexibility – the extent to which local officials have discretion to use funds to address specific needs and priorities; and;
- Barriers to coordination – impediments to efforts to coordinate funding from multiple sources.

Information related to these criteria was gathered from several sources, including interviews with state agency and program staff, leaders in the local Great Start Collaboratives, surveys of foundation grant makers and United Way leaders, and other published sources of demographic economic and program information.

### DIVERSIFICATION OF FUNDING SOURCES

As shown in the funding map, Michigan has a broadly diversified portfolio of funding for early childhood programs and services aligned with the Great Start system components. The vast majority of funding comes from 85 federal and state programs. A relatively small portion of additional funds is provided by city, county and tribal governments, and by Michigan foundations, corporations and United Ways. Programs that are funded with federal entitlement and formula/block grant funds are stable and, in some cases, growing. Because of the impending fiscal crisis, some programs that depend largely on state funds are vulnerable to cuts over the next couple of years. Foundation funding and United Way funding for early childhood initiatives is generally stable and growing at the aggregate level. However, because foundations

tend to allocate funding through time-limited grants, at the program level this is not a source of funding that local leaders can plan on from year to year.

## **ADEQUACY OF FUNDING**

Despite the range of funding sources highlighted in the funding map, nearly all of the Michigan leaders interviewed and surveyed by The Finance Project indicated that existing funding is insufficient to support the Great Start system. Their comments about gaps in current funding highlight several important themes. We highlight these major themes, along with examples of specific gaps:

- *Funding may be insufficient to meet program goals* – Respondents noted that, in some cases, funders simply do not provide enough monetary support to fund quality programs and services and or to enable communities to fully implement the Great Start goals. The following are some key examples:
  - *Low child care subsidy rates* – Michigan does not maintain waiting lists for child care subsidies, as some states do. However, Michigan’s low subsidy reimbursement rates limit the Child Care and Development program’s effectiveness in the state. Michigan’s current provider reimbursement rates are still based on a market survey conducted in 1997. The state’s failure to adjust rates to compensate for a decade of inflation has created challenges both for the affordability of care for families and the provision of quality care by providers. According to the “Kids Count Databook”, low subsidy rates are part of the reason that the lowest-cost providers – relatives and in-home aides<sup>56</sup> – now supply nearly two-thirds of subsidized care in the state.<sup>57</sup>
  - *Limited funding for preschool* – MSRP and Head Start programs together serve over 60,000 young children in Michigan. According to MDE staff, this represents only about 40 percent of all children in Michigan who would benefit from publicly funded preschool programs.<sup>58</sup> As a result, local MSRP and Head Start programs cannot meet demand and often maintain waiting lists.

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<sup>56</sup> These providers are “enrolled” with the state, but not subject to MDHS regulation

<sup>57</sup> Michigan League of Human Services. *KIDS COUNT Databook 2006*. Lansing, MI: Michigan League of Human Services, 2006.

<sup>58</sup> Since Preschool Special Education is offered to any child qualifying based on special education needs, one Great Start Collaborative suggested that this program is being overused by families who otherwise could be served by standard preschool classrooms.

- *Insufficient availability of housing subsidies* – The federal Housing Choice Voucher (HCV) program does not provide sufficient subsidies to cover eligible Michigan families, and there are waiting lists in several areas of the state. Currently, the state HCV program serves over 23,000 families. To put this in perspective, The U.S. Census Bureau reports that about 10 times as many Michigan families with children (225,000) live below the federal poverty line.<sup>59</sup>
- *Eligibility rules may limit programs' reach* – Eligibility rules for health and human services programs typically ensure that the poorest families or those with the greatest needs are served. Often, however, community leaders find that funding is not available to serve those with income just above the eligibility cut-off. Similarly, programs with age-based eligibility rules also exclude some children from accessing needed services.
  - *Many children are ineligible for public health insurance programs* – Medicaid and MIChild provide health coverage to children with family incomes below 200 percent of the federal poverty level. While these programs ensure that the poorest Michigan children have access to health insurance, no funding source exists to provide insurance for other low and moderate-income families who do not qualify for Medicaid and lack access to private insurance. According to Michigan's "Kids Count Databook", approximately 200,000 children ages 0-18 (or seven percent of all Michigan children) were uninsured in 2006.<sup>60</sup> While Michigan's rate of uninsured children is low by national standards, this gap still translates to thousands of children from birth-five without coverage for basic health services. In addition to impacting children's access to physical health care, lack of health insurance also limits access to social-emotional health care for many children in Michigan.
  - *Limited child abuse and neglect prevention services for four-year-olds* – The Children's Trust Fund staff highlighted the lack of adequate funding for child abuse and neglect prevention services for four-year old children, whose needs are not met by the Zero-to-Three Secondary Prevention program and may not then be identified until they enter kindergarten.

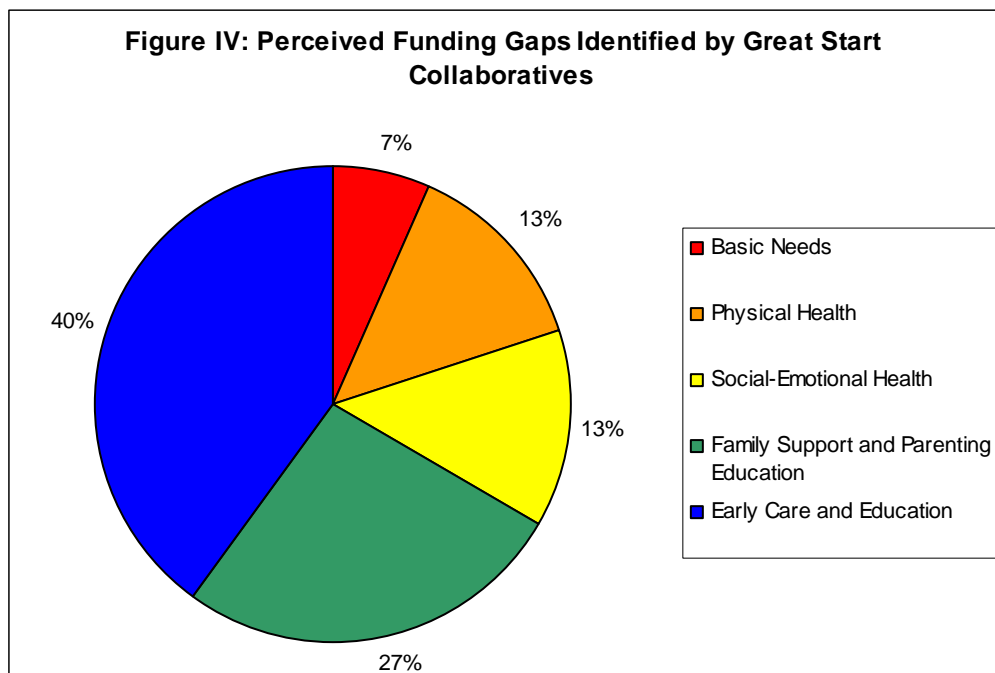
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<sup>59</sup> The U.S. Census Bureau, 2005 American Community Survey reports that 15.8 percent of Michigan's approximately 1.2 million families with children live below the federal poverty line.

<sup>60</sup> Michigan League of Human Services, op cit.

- *“IDEA Part-C Only” children ineligible for services funded with special education dollars* – Approximately two thirds of the nearly 9000 children who qualify for IDEA, Part C in Michigan do not have disabilities severe enough to make them eligible for services funded by state and local special education dollars. As a result, communities can only rely on the small portion of total Early On funding provided by IDEA, Part C (about \$13 million) to serve these children. IDEA Part C and special education dollars (together about \$55 million statewide) support services for the smaller proportion of children with more serious disabilities
  
- *Funding is not uniformly available throughout the state* – Local and private funding sources typically target narrow geographic areas. In addition, many of the federal and state funding sources catalogued in the funding map serve only geographic areas with the highest needs or only those that have successfully applied for competitive grants. As examples:
  - *Child Care Expulsion Prevention Program only funded in 12 counties* – The CCEP program is funded through competitive grants. While 12 funded projects cover the largest counties in the state, services are not available in many parts of Michigan.
  - *Early Reading First grants only available in two communities* – This discretionary grant program supports best practices in early literacy education. Due to the limited and competitive nature of the grants, programs are only funded in two Michigan communities.
  - *Family Dependency Courts only funded in seven jurisdictions* – Family dependency courts only currently available in seven communities where local courts have demonstrated an interest in seeking out funding and training to implement this program model.
  
- *Funding gaps vary by Great Start element* – TFP researchers asked each local Great Start Collaborative to share the three most significant funding gaps they face in their efforts to implement a comprehensive early childhood system. TFP then analyzed how these perceived gaps align with the Great Start system. This analysis suggest that community leaders face greater gaps in funding some of the Great Start components than others. As Figure IV shows, the greatest perceived funding challenges are for early care and education (40 percent) and family support and

parenting education (27 percent). Specifically, Great Start Collaborative leaders' most commonly reported that funding is inadequate to support quality early care and education programs and home visiting programs.



### **MAXIMIZATION OF FEDERAL FUNDING**

Maximization is an important strategy for ensuring that Michigan draws down the maximum amount of federal funding that can be obtained from formula/block grant programs and other discretionary grant programs. These efforts can substantially expand the funding base for programs, provide stable revenues and free up other state and local funds for other related program purposes. Most federal formula/block grant programs make funding available to states contingent on a match of state, local and/or private spending. In order to leverage the full amount of obtainable federal funding, Michigan must demonstrate its own expenditures according to the formula. This may entail designating current state or local spending as eligible for the match, or it may involve spending new state or local dollars to meet the match. Local funds and private funds can be used to leverage federal funds, when states do not contribute enough match to draw the full amount permitted in the allocation formula.

Michigan officials confirm that in FY2007, the state is maximizing its share of CCDF, TANF, the Community-Based Child Abuse Prevention (CBCAP) Grant, Title V, and Title IV-B, all programs requiring that sufficient state funds be expended to fully draw down federal funds.

## **FUNDING STABILITY**

Some funding sources that support the Great Start system components are stable and growing. Programs, for example, that derive their funding from federal entitlements are guaranteed to grow as the eligible population grows. Block grants, though they are capped appropriations and are not guaranteed to meet the full need, are relatively stable sources of funding. Michigan is guaranteed to receive its full share of funding under the allocation formula, if it demonstrates that it has met its required match. If the fiscal crisis prevents Michigan from making its match on formula/block grants, then funding reductions will be magnified since less state spending will reduce the share of federal funds available.

Many federal discretionary grant programs are also relatively stable sources of funding. Programs like Head Start have been in existence for many years and have strong constituencies that would make significant cuts difficult. Other federal grant programs make awards to a far smaller number of grantees each year. So, while they are stable funding sources, they are not major contributors to Michigan early childhood initiatives.

Discretionary programs that depend entirely or almost entirely on state funding are currently the most vulnerable. Currently, there is no definitive information available on the extent of likely reductions in funding for these programs in the coming fiscal year. However, it seems likely that if state officials are forced to reduce funding for early childhood programs, there will be major cuts in discretionary programs, in order to continue to match the federal formula/block grants and draw down the maximum amount of obtainable federal funding. In addition, Michigan's recent decision to securitize a portion of the next year's Healthy Michigan Fund to cover funding gaps in the current fiscal year will mean a loss of \$40-46 million for each of the next twenty years, thereby making programs supported by this fund more vulnerable for years to come.<sup>61</sup>

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<sup>61</sup> For more information, see Michigan Senate Fiscal Agency. "HB4850: Committee Summary". Available online at: <http://www.legislature.mi.gov/documents/2007-2008/billanalysis/Senate/pdf/2007-SFA-4850-S.pdf>

To better understand the perceived stability of funding for early childhood programs and services, the TFP research team asked state agency staff to rate all of the 85 state and federally- funded programs according to the following rating scale:<sup>62</sup>

- 4 – Funding is stable and growing
- 3 – Funding is stable and flat
- 2 – There is a small risk of program funding cuts
- 1 – There is a high risk of program funding cuts

From this assessment and discussions with state agency staff, the following themes emerged regarding the stability of funding:

- Stability varies widely across programs and funding sources – Funding stability varies greatly across Great Start system components. Federal funding is likely to be more stable than state funding over the next couple of years, in light of the fiscal crisis in Michigan.
- Implications of the fiscal crisis for program funding is not well understood – Many agency staff expressed their rankings hesitantly, noting that they are still waiting to learn how the state fiscal crisis will impact their program budgets. In addition, MDCH was unable to provide stability rankings for large sums of state and funding that support Medicaid and MIChild.
- The state fiscal crisis may affect program stability in unexpected ways – The state fiscal crisis will likely require a reallocation of resources to cover key state services, such as health care coverage for low-income families with children. As a result, it threatens funding for some prevention programs, which tend to be discretionary grant programs. For example, respondents specified that Healthy Michigan Fund resources may be reallocated from prevention services to support the state share of Medicaid funding.
- TANF funding may be less available to support prevention programs – TANF is a major source of funding for many of the programs highlighted in this report, ranging from the Family Independence Program to family preservation programs. Following welfare reform in 1996, welfare rolls have dropped in recent years in Michigan and across the country, due to incentives to support recipients in entering the workforce. As a result, TANF funds have been available for a range of other initiatives that support family self-sufficiency, including family preservation and domestic violence services. As caseloads

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<sup>62</sup> Respondents were permitted to respond with values in between these four responses (ex. 2 ½ or 3 ½).

are now steadily increasing in Michigan, state leaders are concerned that TANF funding for other family support initiatives may be at risk.

- Stability may look and feel different at the systems-level and at the program level – TFP researchers have concentrated on assessing systems-level stability – the predictability of funding levels and funding sources across the Great Start system components. We have not assessed the stability of funding at the program level. Though some funding may be stable at the system’s level, for example the Children’s Trust Fund’s Direct Service grants and Family Preservation Programs, it may be less stable at the program level, if funds are awarded as time-limited competitive grants or contracts to local entities. Conversely, if local programs have their own well-developed sources of private donations and renewable local funding, they may be less vulnerable to the uncertainties of state funding in the current fiscal crisis. Accordingly, state and local leaders may have very different perceptions of funding stability depending on their specific circumstances.

Table VII shows the reported stability of state and federal funding sources supporting programs and services related to the Great Start system components.

Table VII: Stability of Funding for Great Start Components

Program	Stable and Growing	Stable/Flat Funding	Some Risk of Cuts	High Risk of Cuts
<b>BASIC NEEDS, ECONOMIC SECURITY &amp; CHILD SAFETY</b>				
Family Independence Program		■		
Food Assistance Program	■			
Housing Choice Vouchers			■	
Public Housing-Homeless Families		■		
Low-Income Home Energy Assistance Program				■
Refugee Assistance Program				
Child Support Administration				■
Workforce/Jobs, Education and Training			■	
Employment and Training Programs: Employment Support Services			■	
Support for Community Action Agencies			■	
Safe Sleep Statewide				
Comm. Interventions to Reduce Motor Vehicle-Related Injury to Children				■
Child Passenger Safety Training & Education			■	
Child Protective Services			■	
Children's Foster Care		■		
Adoption Services Program				
MI Dom. Violence Prevention & Treatment				
Public Housing- Domestic Violence		■		
Rape Prevention & Education			■	
<b>PHYSICAL HEALTH CARE</b>				
Medicaid				
MI Child Program				
Prenatal Services			■	
Local Medicaid Outreach	■			
Pregnancy Risk Assessment Monitoring System			■	
Prenatal Smoking Cessation				■
Fetal Alcohol Spectrum Disorder Program		■		
Fetal Alcohol Syndrome Project				■
Infant Mortality Coalitions				■
Infant Mortality Initiative				■
Fetal Infant Mortality Review		■ Support program		■ Case abstraction

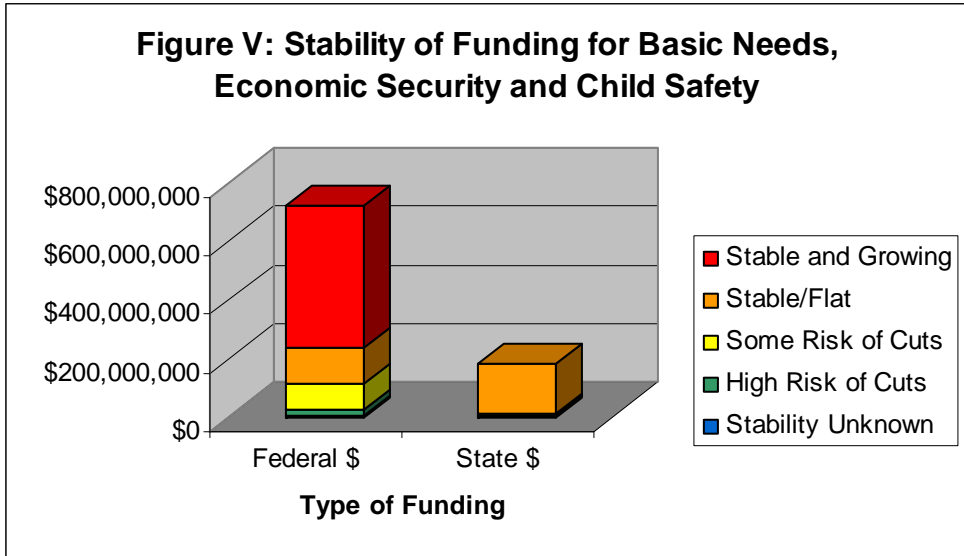
<b>Program</b>	<b>Stable and Growing</b>	<b>Stable/Flat Funding</b>	<b>Some Risk of Cuts</b>	<b>High Risk of Cuts</b>
Michigan Mortality Surveillance		■		
Local MCH Block Grant		■ federal	■ state	
Newborn Genetic Screening	■			
Immunizations		■ federal		■ state
Early Hearing Detection and Intervention (EHDI) Program			■	
Hearing Screening		■		
Vision Screening		■		
Child Lead Poisoning Prevention/Healthy Housing Section			■ federal	■ state
Child & Adolescent Health Centers		■		
Children's Special Health Care Services	■ Medicaid	■ Title V		
Ryan White T.M Act			■	
Family Support Subsidy		■		
Adoption Subsidy				
Family Planning			■	
Family Planning: Plan First		■		
WIC	■			
Child and Adult Food Care Obesity Prevention Program	■			■
<b>SOCIAL-EMOTIONAL HEALTH</b>				
Community Mental Health Services Programs/Prepaid Inpatient Health Plans				■
Child Care Expulsion Prev. System of Care Grants			■	
Safe Schools, Healthy Students				
<b>FAMILY SUPPORT AND PARENTING EDUCATION</b>				
Prenatal Care Demonstration		■		
SIDS and Other Infant Death Support		■		
Nurse-Family Partnership				■
Maternal Infant Health Program		■		
Parents as Teachers			■	
Great Parents, Great Start			■	
Early On		■		
0-3 Secondary Prevention	■			
CTF Direct Service Grants	■			

<b>Program</b>	<b>Stable and Growing</b>	<b>Stable/Flat Funding</b>	<b>Some Risk of Cuts</b>	<b>High Risk of Cuts</b>
CTF Local Councils	■			
Strong Families, Safe Children				■
Designated Women's Programs		■		
Family Preservation (FFM, FRP & FGD)		■		
Family Preservation (CSPP & CP/CP)		■		
Child Care Fund In-Home Services			■	
Family Dependency Courts			■	
<b>EARLY CARE AND EDUCATION</b>				
Child Development and Care			■	
Child Care Access Means Parents in Schools				
Foster Grandparents Program				
Head Start	■			
MSRP-Competitive		■		
MRRP- School Aid		■		
Preschool Special Education		■		
Title I		■		
Early Reading First				
Even Start				■
Child Care Licensing		■		
Child Care publications contracts			■	
Child Care Resource and Referral			■	
Child Care Training			■	
TEACH Program			■	
Head Start collaboration				

***A Closer Look at Funding Stability by Great Start System Component:***

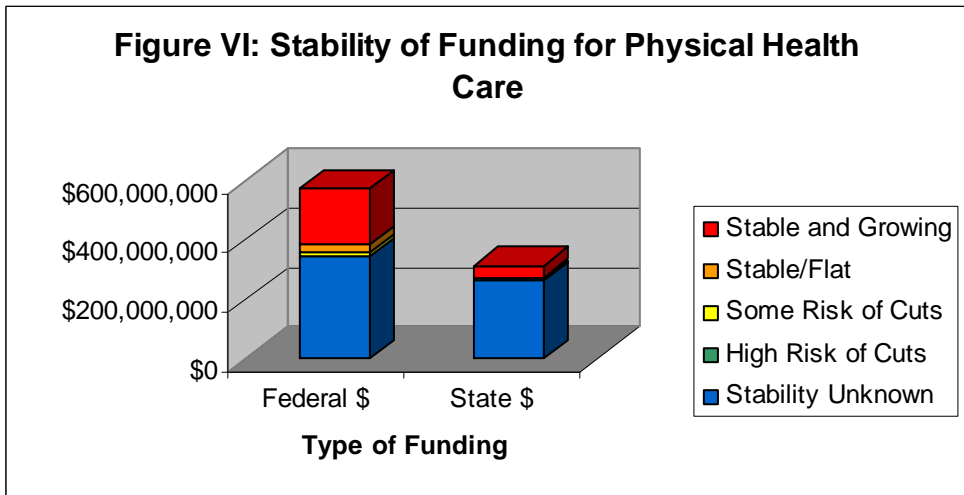
***Basic Needs, Economic Security, and Child Safety***

In general, as demonstrated in Figure V, state agency staff indicated that funding for basic needs, economic security and child safety programs remains fairly stable in Michigan.



Physical Health

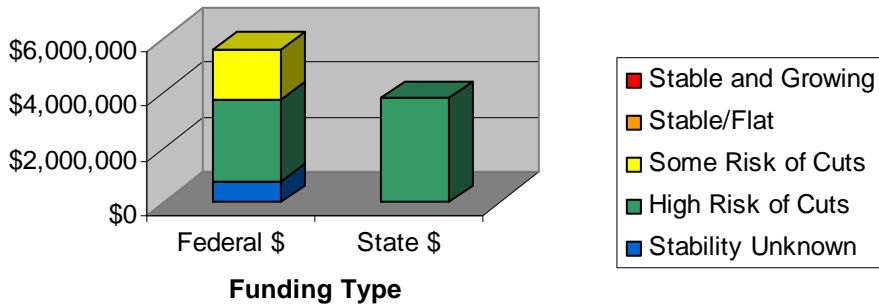
MDCH staff was unable to answer questions about the stability of Medicaid and SCHIP funding in Michigan. Since these programs make up the majority of funding for the physical health component, we have a very incomplete picture of funding stability for the physical health component.



Social-Emotional Health

The limited funding available in this area was perceived at being at some or a high risk of funding cuts, as shown in Figure VII.

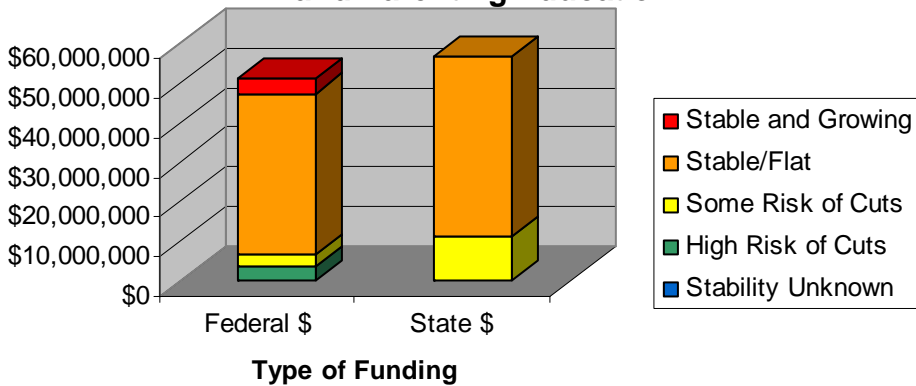
**Figure VII: Stability of Funding for Social-Emotional Health**



Family Support and Parenting Education

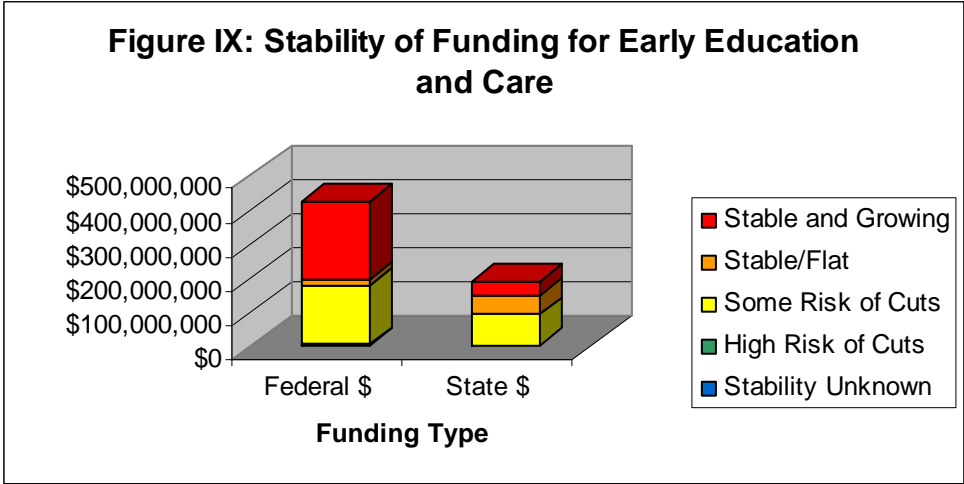
As demonstrated in Figure VIII, state agency staff perceived the majority of funding for parenting education and family support to be fairly stable.

**Figure VIII: Stability of Funding for Family Support and Parenting Education**



Early Care and Education

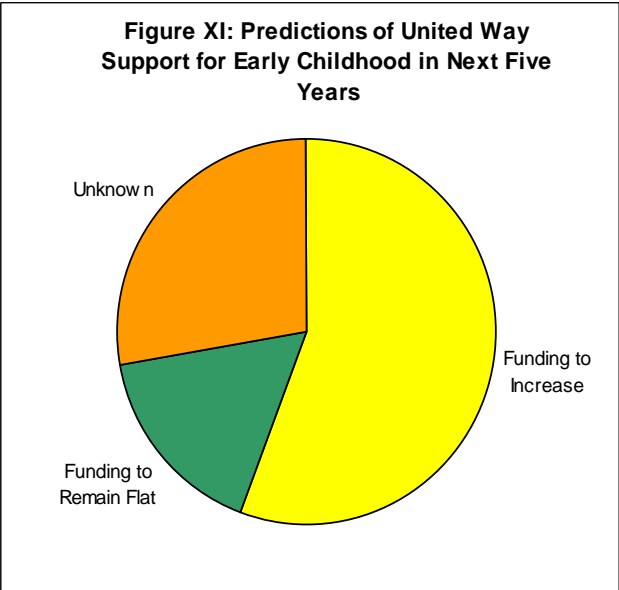
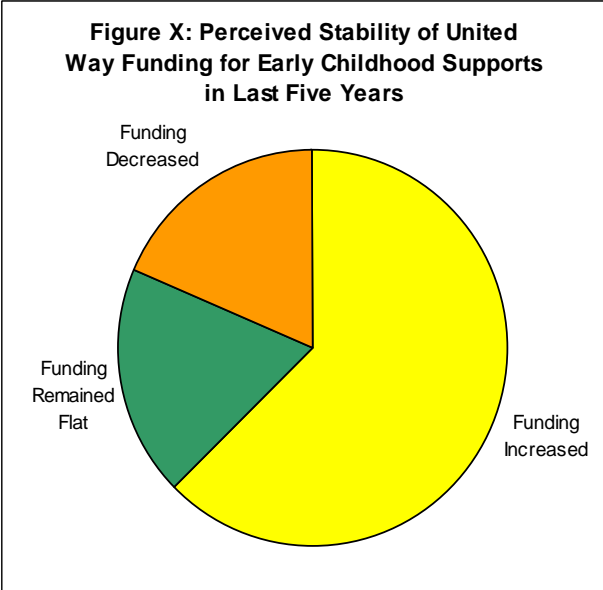
Some early education and care programs are quite stable; others, especially those that depend on state funding, at risk of funding cuts.



Stability of Private Funding

Our analysis indicates that private funding will likely serve as a durable, though quite small, source of funding for the Great Start system in coming years. All of the foundation executives interviewed for this report demonstrated a commitment to continuing to fund early childhood initiatives in future years.

Additionally, through their survey responses, most United Ways indicated that their support for early childhood is increasing and will continue to increase. Because United Way grants tend to be renewable from year to year, at the program level, these are an important source of funding.



## FUNDING FLEXIBILITY

All federal and state funding comes with restrictions about how funds can be used – who can be served; the types of programs and services that can be offered; the times of day, types of facilities, and qualifications of staff who can deliver services. Creating greater flexibility in funding can be key to overcoming fragmentation and disconnection among categorical programs and building effective comprehensive community support systems. It can also be key to filling the gaps and paying for services when one or another highly restricted funding source cannot do the job alone.

In order to better understand funding flexibility, the TFP research team asked state agency staff to rate all of the 85 state and federally- funded programs according to the following scale:<sup>63</sup>

- 4 – Significant local flexibility; federal and/or state guidelines set only broad vision for how funds are used;
- 3 – Some local flexibility within federal and/or state restrictions about how funds are used;
- 2 – Limited local flexibility; federal and/or state regulations dictate how funds are used;
- 1 – Local governments/grantees play no role in administering the program

It is important to note that these ratings reflect the *perception* of how flexible a given funding source is. State officials are generally far more familiar with program regulations and administrative requirements that limit flexibility than are local Great Start Collaborative leaders. However, it is clear that the less familiar respondents are with the funding landscape and the specific constraints on how program funds can be used, the more likely they are to provide low ratings on flexibility. Nevertheless, several important themes emerged from the ratings:

- Federal entitlement and block grant programs have significant program restrictions that limit local discretion in the use of funds. Discretionary grant programs tend to offer more flexibility.
- Conflicting eligibility requirements, program regulations and administrative requirements make it very difficult to blend and braid funding across the Great Start system components.

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<sup>63</sup> Respondents were permitted to respond with values in between these four responses (ex. 2 ½ or 3 ½).

- Foundation funding and United Way funding provide flexible support to help coordinate and fill the gaps between state- and federally funded categorical programs.

Table VIII shows the reported flexibility of state and federal funding sources supporting programs and services related to the Great Start system components.

Table VIII: Flexibility of Funding for Great Start Components

Program	Significant Local Flexibility	Some local flexibility	Limited Local flexibility	No local role
<b>BASIC NEEDS, ECONOMIC SECURITY &amp; CHILD SAFETY</b>				
Family Independence Program				■
Food Assistance Program			■	
Housing Choice Vouchers			■	
Public Housing-Homeless Families			■	
LIHEAP		■		
Refugee Assistance Program				
Child Support Administration			■	
Workforce/Jobs, Education and Training			■	
Employment and Training Programs			■	
Support for Community Action Agencies	■			
Safe Sleep Statewide	■			
Community Interventions to Reduce Motor Vehicle-Related Injury to Children		■		
Child Passenger Safety Training and Education			■	
Safe Delivery				■
Child Protective Services				■
Children's Foster Care		■ Child Care Fund		■ Title IV-E
Adoption Services Program				
MI Dom. Violence Prevention & Treatment		■		
Public Housing- Domestic Violence			■	
Rape Prevention & Education		■		
<b>PHYSICAL HEALTH CARE</b>				
Medicaid				
MI Child Program				
Prenatal Services			■	
Local Medicaid Outreach				
Pregnancy Risk Assessment and Monitoring System				■
Prenatal Smoking Cessation				■
Fetal Alcohol Spectrum Disorder Program		■		
Fetal Alcohol Syndrome Prevention Project			■	
Infant Mortality Coalitions				
Infant Mortality Initiative		■		

Program	Significant Local Flexibility	Some local flexibility	Limited Local flexibility	No local role
Fetal Infant Mortality Review	■			
Michigan Maternal Mortality Surveillance				■
Local Maternal and Child Health Block Grant	■			
Newborn Genetic Screening		■		■
Immunizations			■	
Early Hearing Detection and Intervention (EHDI) Program		■		
Hearing Screening	■			
Vision Screening	■			
Child Lead Poisoning Prevention/Healthy Housing Section			■	
Child and Adolescent Health Centers		■		
Children's Special Health Care Services			■	
Ryan White T.M Act			■	
Family Support Subsidy				■
Adoption Subsidy				
Family Planning			■	
Family Planning: Plan First			■	
WIC			■	
Child and Adult Food Care Program				■
Obesity Prevention Program	■			
<b>SOCIAL-EMOTIONAL HEALTH</b>				
Community Mental Health Services Programs		■		
Child Care Expulsion Prevention			■	
System of Care Grants				
Safe Schools, Healthy Students				
<b>FAMILY SUPPORT AND PARENTING EDUCATION</b>				
Prenatal Care Demonstration	■			
SIDS and Other Infant Death Support	■			
Nurse-Family Partnership			■	
Maternal Infant Health Program			■	
Parents as Teachers		■		
Great Parents, Great Start	■			
Early On			■	
0-3 Secondary Prevention		■		
CTF Direct Service Grants		■		

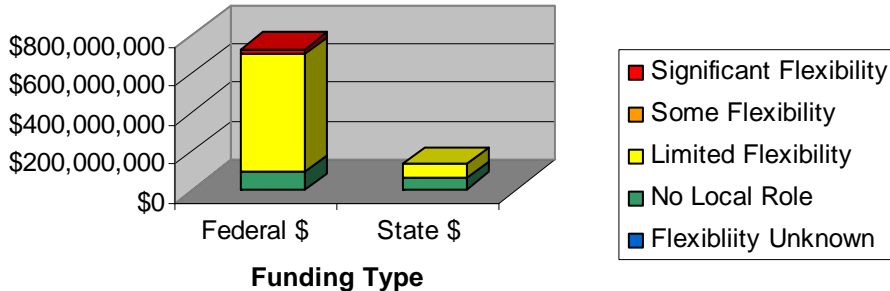
Program	Significant Local Flexibility	Some local flexibility	Limited Local flexibility	No local role
CTF Local Councils		■		
Strong Families, Safe Children			■	
Designated Women's Programs		■		
Family Preservation (FFM, FRP & FGD)				■
Family Preservation (CSPP & CP/CP)			■	
Child Care Fund In-Home Services	■			
Family Dependency Courts			■	
<b>EARLY CARE AND EDUCATION</b>				
Child Development and Care				■
Child Care Access Means Parents in Schools				
Foster Grandparents Program				
Head Start		■		
MSRP-Competitive		■		
MRRP- School Aid		■		
Preschool Special Education				■
Title I	■			
Early Reading First				
Even Start			■	
Child Care Licensing		■		
Child Care publications contracts			■	
Child Care Resource and Referral			■	
Child Care Training			■	
TEACH Program			■	
Head Start collaboration				

***A Closer Look at Flexibility of Funding by Great Start System Component***

***Basic Needs, Economic Security and Child Safety***

Localities largely have limited flexibility in how they use federal and state funding for basic needs, economic security and child safety programs, as shown in Figure XII.

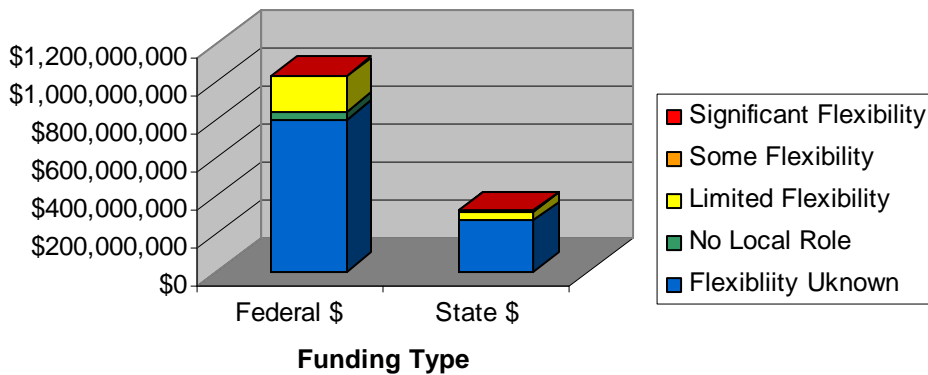
**Figure XII: Degree of Local Flexibility in Administering Programs for Basic Needs, Economic Security and Child Safety**



Physical Health

MDCH staff was not able to describe the flexibility of Medicaid or SCHIP funding in Medicaid so we have an incomplete picture of the overall flexibility of funds related to this program component.

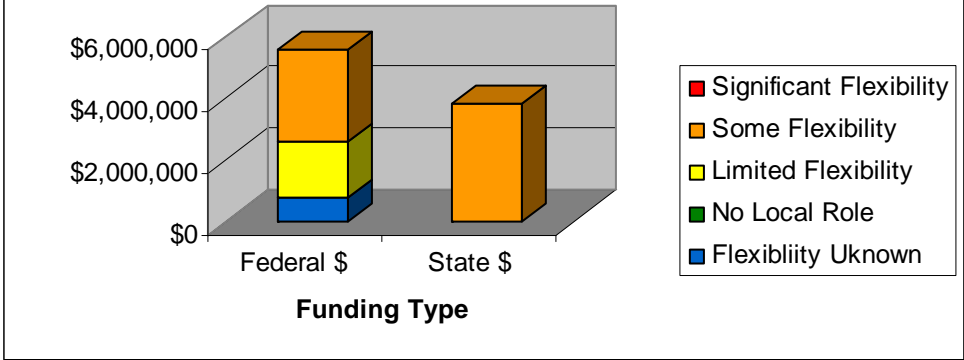
**Figure XIII: Degree of Local Flexibility in Administering Programs for Physical Health Care**



Social-Emotional Health

The programs supporting social-emotional health for young children allow localities some flexibility in how they provide services, as demonstrated in Figure XIV.

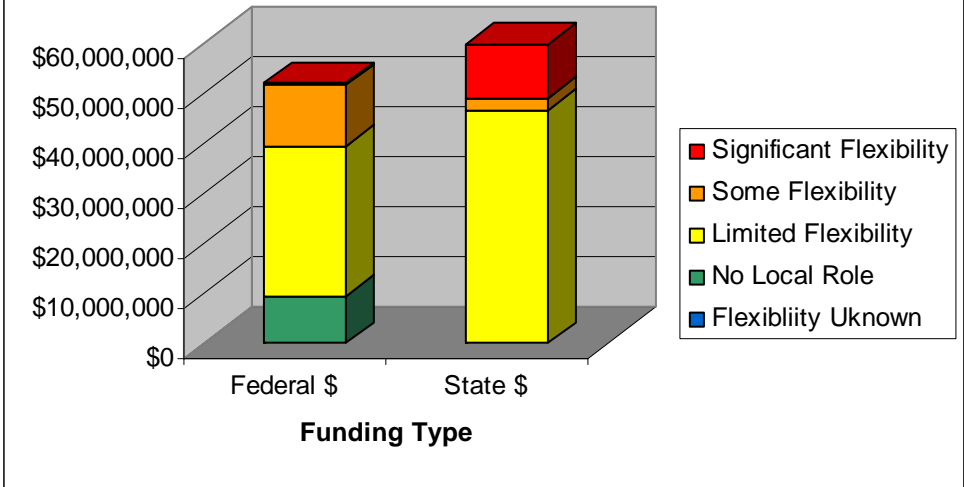
**Figure XIV: Degree of Local Flexibility in Administering Programs for Social-Emotional Health**



Family Support and Parenting Education

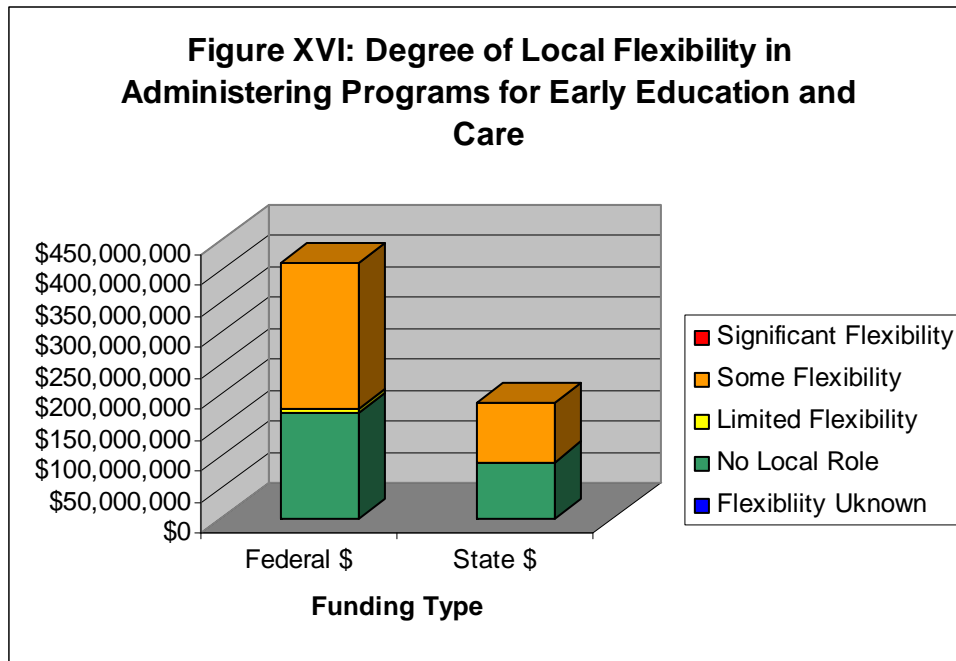
The flexibility picture for parenting education and family support programs is mixed, as shown in Figure XV. State funding sources provide more flexibility than federal funding sources.

**Figure XV: Degree of Local Flexibility in Administering Programs for Parenting Education and Family Support**



### Early Care and Education

Finally, community collaboratives and program providers have varying degrees of flexibility in how they use federal and state funds for early care and education, as shown in Figure XVI. Child Development and Care and Preschool Special Education, for example, are entirely state-administered program where local officials play no role in determining how funds are used, although ECIC is currently looking at strategies to increase local input on the ways in which CCDF quality dollars are used. At the other extreme, Title I funding is very flexible.



### Flexibility of Private Funding

Private funders, including foundations and United Ways, typically provide more flexible funding than public funders. While private funders may ask grantees to serve particular populations or to report on specific outcomes, these funders are more likely to allow grantees to adapt programming to meet local needs. Moreover, United Ways and many local foundations are located in the communities that they serve and are responsive to their community's unique funding needs and provide funding to fill the gaps between categorical programs that have tight restrictions on who can be served, what services can be offered, where, when and by whom.

### **COORDINATION OF MULTIPLE FUNDING SOURCES**

Coordination of programs, service delivery and funding is an important way to improve the efficiency and increase the flexibility that providers have to address the needs of children and

families in their communities. In recent years, Michigan leaders have begun to think creatively about how to coordinate public- and private-sector funding and service delivery for young children. With the development of ECIC and the Great Start Collaboratives, Michigan has made a significant step toward strategically coordinating resources at both the state and local level to ensure that young children and their families have access to a comprehensive support system.

Major strategies for coordinating funding include:

- *Braiding*

One strategy involves *coordinating* or *braiding* funding, primarily at the program and community levels, to tap multiple public and private sector funding sources to support individual program components. Coordination requires a high degree of behind-the-scenes organization and record keeping. Critical to success is a good plan, a good management information system, an a good cost-accounting system for tracking expenditures by funding source in order to properly allocate and report them. Michigan child care providers that serve children eligible for different types of public subsidies braid federal and state funds. As examples,

- *Early Childhood Programs* – While most funding streams for early care and education are not coordinated at the state level, individual providers typically rely on a combination of Head Start slots, MSRP slots, Preschool Special Education slots, child care subsidies, Title I and parental fees to seamlessly serve children attending the same program. At the local level, programs use these separate funding authorities to support and serve children and families who meet the age, income and special needs requirements of each program.
- *Substance Abuse Treatment Centers* – The Designated Women’s programs profiled in this report rely on funding from the Substance Abuse Prevention and Treatment Block Grant (SAPTA), but also fill funding gaps with Medicaid, private insurance, and funding provided by courts to support court-ordered treatment.

At the state level, agencies can also braid categorical funding streams to seamlessly provide services for children and families meeting the varied eligibility criteria of different funding programs. As examples,

- *Children’s Special Health Care Services* – The Children’s Special Health Care Services program accesses Medicaid funding to serve eligible children, but relies on

state funds and the federal Maternal and Child Health Care Block Grant to serve children with documented special health needs who do not qualify for Medicaid.

- *Child Development and Care Program* – Similarly, the Child Development and Care program braids together federal and state funding for subsidized child care. A number of funding sources support child care for children who meet different eligibility criteria. For example, CCDF and TANF support child care for low-income families, while Title IV-E funding supports child care for children in foster care.

- *Blending*

Another strategy involves *pooling or blending* monies from several agencies or programs. This allows local communities and programs increased discretion in the use of the combined funds. Pooling typically occurs in state agencies, where a portion of state program funding or the more flexible federal programs may be blended to support comprehensive initiatives. In addition to covering direct services, pooled dollars can often be used to fund activities such as collaboration, coordination and local program planning that generally cannot be funded from categorical streams. The following are notable examples of blending funds to support the Great Start system:

- *Zero-to-Three Secondary Prevention* – Managed by the Children’s Trust Fund, this program relies on a blended pool of funding from three state agencies to support prevention of child maltreatment. Specifically, MDHS contributes a portion of its TANF funds, and MDE and MDCH contribute state general funds legislatively appropriated for this program. In addition to those dollars, communities contribute through a match requirement.
- *Healthy Michigan Fund*—The Healthy Michigan Fund is a flexible source of state funding. As a result, the state can easily blend funds with federal funding from the federal grants to support programs, such as lead poisoning prevention and immunizations.

- *Interagency agreements*

State leaders in Michigan also use interagency agreements as a vehicle for jointly administering programs or transferring responsibility for particular program elements to an agency other than the one that controls the funding. The Zero-to-Three Secondary Prevention program again provides an example of interagency coordination. Other examples include the following:

- *Early On* – The same three state agencies that support Zero-to-Three Secondary Prevention also collaborate to jointly administer Early On, the state’s interagency system of supporting early intervention efforts for young children. MDE is the lead agency for Early On, but MDCH and MDHS play a role in coordinating services.
  - *Family Support Subsidy* – MDCH administers this program, but an interagency agreement with MDHS allows them to draw down TANF funds as the program’s primary funding source.
  - *Child Care Expulsion Prevention* – Similarly, MDCH administers this program through its mental health division, but accesses CCDF funding through an interagency agreement with MDHS.
- *State grant programs encouraging local collaboration*  
A number of the state and federal grant programs highlighted in the funding map provide support for local coalitions of stakeholders to work together across local agencies to address a particular issue or service delivery challenge. For example:
    - *Strong Families, Safe Children* – Funding from MDHS’s Strong Families/Safe Children program supports local collaboratives to address an array of prevention initiatives for at risk children.
    - *Infant Mortality Coalitions* – This program supports the development of local coalitions of key stakeholders to develop program strategies to prevent infant mortality that meet local needs.
- *Coordination by private funders*  
Finally, private funders often provide funding to facilitate collaboration and coordination. They also play the role of neutral facilitators in efforts to bring leaders together across public systems. Foundations and United Ways both play this role in some of Michigan’s communities:
    - *Foundations* – Nearly 20 percent of foundations responding to CMF’s survey noted that a major goal of their support for early childhood initiatives is to build “a coordinated, comprehensive early childhood system, including building local and statewide capacity”. The majority of foundations surveyed explained that they support early childhood in at least one way in addition to grantmaking, including serving on county zero-to-five coalitions or planning bodies, support for local and

state zero-to-five advocacy efforts and convening workshops and consortiums on early childhood.

- *United Ways* – Through their Success by Six and other local initiatives, United Ways also play a major role in coordinating stakeholders across systems to address common challenges.

### ***Barriers to Coordination***

Despite these examples of how state and local agencies are already coordinating funds to support the Great Start system, TFP researchers found that a number of barriers prevent agencies from more systematically coordinating resources to support young children and their families. The following themes emerged in discussions with Michigan stakeholders:

- *Eligibility requirements* – Programs target funding to specific children and families. Eligibility may be defined by age, family income level, special needs (e.g., disabilities), family status (e.g., children in foster care, children of working parents). When eligibility requirements do not align, it can be difficult for providers to cover all the children they serve unless they are able to braid multiple funding streams. For example, it was not possible to blend CCDF, TANF and Title IV-E to support Child Care and Development, because the state is required to use each funding sources to support specific eligible populations. As a result, agencies in Michigan have typically decided instead to encourage local providers to braid funding from these sources, tracking expenditures by funding source in order to properly allocate and report them.
- *Program regulations* – Programs also have requirements related to how and when services are delivered, such as hours of service per day and days per year; content and curriculum standards; and quality standards, such as teacher qualifications and staff/child ratios. As with eligibility requirements, conflicting program regulations can make it difficult to coordinate funding streams at the program level.
- *Funding flow and administration* – Programs also have requirements concerning who administers services, and how the funds flow to programs. Some program funds flow directly from federal agencies to local grantees (e.g., Head Start). Others flow through state agencies which then allocate funds to localities (e.g., TANF, CCDF). Additionally, some programs disburse funds as subsidies that provide reimbursement upon delivery of services, some provide short-term or start-up grants, and others provide renewable

grant funds. Different funding streams have different administrative and reporting requirements that can be duplicative and on different schedules, creating significant administrative burdens for local providers.

- Data collection requirements – Similarly, programs often come with requirements to track and report information on individuals and families served. These requirements are not uniform across programs and often involve different definitions of service components, client eligibility, provider qualifications, etc. While policymakers put these requirements in place to support program accountability, they also may present a barrier to program coordination when providers are burdened by conflicting data collection and reporting requirements. Local organizations and program providers also find it difficult to coordinate and share data across programs that track program information in different and non-compatible databases.
- Limited resources for collaboration – Collaboration takes time and money. While working closely with other program leaders may promote efficiencies in the long run, there are initial costs associated with developing collaborative bodies, coordinating data, bringing busy people together, and changing systems and procedures to accommodate other organizations and programs. In light of state fiscal pressures, one respondent noted that agencies are struggling to provide just the services that they are mandated to provide and have limited discretionary resources to contribute to any collaborative efforts. ECIC’s funding of the Great Start Collaboratives in 21 Michigan communities aims to reduce this barrier to collaboration.
- Multiple collaborative bodies operate in Michigan communities – Local collaboratives, including the Great Start Collaboratives, local planning groups supported by Strong Families, Safe Children funding and by the Children’s Trust Fund, operate independently in the same communities. Michigan leaders are currently engaged in efforts to ensure that all collaborative bodies work well together.

### ***A Closer Look at Coordination Barriers by Great Start System Component***

In addition to these general challenges to effective coordination of funding from multiple programs, several specific challenges surfaced as well.

### Physical Health

The following are key challenges to coordination of funds regarding the support of physical health for young children in Michigan:

- *WIC and related public health programs* – The federal WIC program significantly restricts who can be served and what services can be provided. As a result, close coordination between WIC providers and related public health services, such as prenatal care and lead poisoning prevention is difficult. Some localities have procedures in place to refer pregnant women and mothers to related services, but they face challenges in providing services in a truly coordinated way which would make sense for clients and be more efficient for administration and service delivery.
- *Involvement of child health providers in local collaborative efforts* – One local United Way leader noted that efforts to coordinate across systems to support young children are hampered by a lack of involvement by pediatricians. In most communities, private health care providers are not engaged in broader community efforts to promote maternal and child health.

### Family Support and Parenting Education

Of all of the Great Start elements, respondents indicated that family support and parenting education programs are the most fragmented. A wide range of public and private funders support these programs and typically do not coordinate with one another at the state or local level. In particular, localities are challenged in their efforts to coordinate the assessment and delivery of these services:

- *Lack of coordinated assessment* – Localities often lack a centralized system and procedure to assess and refer new parents to appropriate family support services, such as home visiting programs. Instead, according to an interview with a private funder, families may access only the services that happen to be available at the hospitals where they give birth.

In addition, respondents noted areas where family support and parenting education programs could be better coordinated with other Great Start components:

- *Workforce development programs* – One respondent noted that job search and career education programs managed by Work First and JET programs do not offer parent education resources. Program participants typically spend hours waiting for services in

local agency offices, providing a valuable opportunity to offer parent education services.

- *Early On* – The Early On program is designed to support children with developmental disabilities and their families. Respondents noted that Early On could provide more comprehensive services to families if it were better coordinated with the range of family support programs already available in local communities.

### Early Care and Education

Individual early care and education programs often rely on multiple funding streams to meet the needs of children who may not be eligible for subsidies through the same program. However, state policies sometimes prevent program leaders from effectively coordinating funding across program authorities:

- *Restrictions in the use of MSRP* – State regulations do not allow programs to combine a half-day MSRP child care slot with half-day Head Start slot so that a child can attend a seamless full-day care and education program.<sup>64</sup> This presents a barrier to communities' meeting families' need for full-day preschool programs. At the same time, given the limited availability of slots for both programs, a policy change that would allow providers to combine half-day slots would likely result in fewer children being served with public early education programs.
- *Restriction on inclusive classrooms* – In Michigan, Preschool Special Education funds do not support children in the same classrooms with children who do not qualify for special education funding. Respondents noted that the current restriction creates a barrier for parents, who want their children to interact with non-special education children, and also limits providers from coordinating all available resources.

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<sup>64</sup> Since MSRP is considered the funder of last resort for preschool, it will not support a child already covered by Head Start.



## CONCLUSION

The goal of Michigan's Early Childhood Investment Corporation (ECIC) is to develop strategies for identifying and meeting gaps in a range of essential supports and services, so that every young child in the state has access to a coordinated system of community-based resources. As ECIC moves toward developing a strategic financing plan to fully implement the Great Start system, this funding map and analysis will provide the critical context for understanding the strengths and weaknesses of current funding sources, pinpointing gaps in current funding that must be filled, and assessing the appropriateness and effectiveness of alternative strategies for future funding – for example, improving the use of available funding streams, or developing new public and private funding sources for a comprehensive early childhood system and its components.

Several important conclusions emerge from this study related to 1) available sources of funding and their alignment to the Great Start system components, 2) the gap between required funding and current support, and 3) opportunities and challenges related to coordinating multiple public and private-sector funding sources to support a comprehensive system of community-based programs and services.

### **Available Funding Sources and their Alignment with the Great Start System Components**

Michigan has a diversified portfolio of funding for early childhood programs and services. The Finance Project research team identified 85 state and federal programs that align with the Great Start system components. Michigan's foundations, corporations and United Ways supplement funding from these programs in significant ways. Key conclusions concerning available funding sources are as follows:

- *Most funding for early childhood programs and services related to the Great Start system components comes from federal funding sources.* More than two thirds of all public funding (state and federal) comes from the federal government through entitlements, formula/block grants, and discretionary grants.
  - *Entitlement funding*, which primarily supports children's basic needs and safety and children's physical health, is relatively stable and will grow with increased need, but it is not particularly flexible. Because of stringent eligibility requirements, program regulations and administrative processes, local leaders

do not have significant discretion to use funds to tailor responses to local needs and priorities.

- *Formula/block grant funding*, which primarily supports early care and education as well as physical health and basic needs, is also quite stable. Although funds do meet the needs of all children and families who might be eligible or might benefit from services, appropriations are relatively stable and predictable from year to year. They are not, however particularly flexible. Local leaders do not have wide discretion to use these funds to fashion local solutions. In cases, such as the CCDF fund which provides child care subsidies that follow the child rather than funding programs directly, it is often difficult for local leaders and providers to count on the availability of funding, and they have little discretion in how it is used. The major exception is Title I funds, which flow through local school systems. These funds are quite flexible. Local school districts have wide discretion in how they use these funds to achieve their goals. However, competition for these dollars as stiff, as funding for early childhood (school readiness) initiatives comes from the same pot of money as funding for K-12 education programs.
- *Discretionary grant programs* account for a relatively small portion of total federal early childhood funding in Michigan. Although Head Start is a major program with a presence in many large, medium and small communities across the state, most federal discretionary programs fund less than a handful of Michigan grantees in any given year. Thus, these funds are not an easily accessible source of funding to create, expand or sustain community-based early childhood initiatives.
- *Michigan is currently drawing down the maximum amount of funding allowable under the allocation formulas for the following formula/block grant programs related to young children and their families, which require state matching dollars:*
  - Child Care and Development Fund (CCDF);
  - Temporary Assistance for Needy Families (TANF);
  - Maternal and Child Health Block Grant (Title V)
  - Community-Based Child Abuse Prevention (CBCAP) Grant
  - Title IV-B (Child Welfare Grants)

This means that the state is not leaving available funding on the table and that it is spending the maximum amounts of state, local and private dollars required as

match. At a glance, it does not seem likely that there will be robust opportunities to generate additional federal funding from these sources.

- *State funding is the second largest source of financial support for Michigan early childhood programs and services related to the Great Start system components.* State funding is about half the amount of federal funding in FY 2007. State funding contributes support across all five Great Start system components, however, physical health and early care and education account for the largest shares of state program dollars. State funding is somewhat more flexible than federal funding, yet, because of the current fiscal crisis in Michigan, it is potentially a less stable and reliable source of support over the next several years:
  - *Funding for existing early childhood programs may be reduced.* The extent of possible cuts is not clear, however, there is a strong sense that programs aimed at prevention may be the hardest hit. A likely consequence of such cuts is an increase in the demand for programs that provide treatment and remediation, which may increase the gap between needed resources and current funding.
  - *Funding cuts that reduce the amount of state match for federal block grant funding may lead to reductions in federal funding for early childhood programs and services as well.* If Michigan is unable to make the required match with its own funds and with local and private funds, it risks leaving federal formula or block grant funding unclaimed. If this happens, state funding reductions will be magnified.
  - *Funding cuts are likely to mean fewer resources at the state-level and at the program-level to support effective collaboration and coordination of programs, service delivery and funding.* Collaboration and coordination among state officials, community leaders, program managers, and service providers can produce greater efficiencies in reaching and serving young children and their families. Without support for collaboration and coordination, there may be greater duplication and inefficiency in many aspects of the early childhood support system.
  
- *Michigan has a strong foundation presence.* Large and small foundations in the state have made a strong commitment to early childhood programs and services, including funding for socio-emotional health and development and for family support/parenting

education. Foundations typically allocate funds in the form of time-limited grants, which are not dependable, long-term sources of support for local programs. Despite the fact that foundation funding accounts for only a small percentage of all funding for early child programs and services in Michigan, it has been a reliable and flexible source for funding at the aggregate level for several years. It has helped to seed new programs in communities across the state, expand others, and build the infrastructure for quality improvements. Foundation funding is also a valuable source of “glue money” to help programs and providers collaborate and coordinate their programs, services and funding.

- *United Ways are also a valuable source of funding for early childhood programs and services.* Local United Way affiliates support early childhood programs and services aligned with the Great Start systems components through Success by Six programs that they operate directly and through allocations to other community-based programs from their annual fund drives. Annually, United Way funding accounts for a very small proportion of all funding for early child programs and services in Michigan. But it is a highly stable and flexible source of support. Grants are generally renewable from year to year, and grantees have wide discretion to use funds to develop new programs, expand existing ones, and improve quality. Additionally, United Way funding is structured to help promote public-private partnerships and to encourage collaboration and coordination between community-based organizations that provide programs and services.

### **The Gap between Required Funding and Current Support**

Accurately assessing gaps in current funding requires a sound estimate of fiscal needs related to full implementation of the Great Start system statewide, including:

- 1) *Estimates of how much funding will be required* to bring each system component to scale and serve all eligible children and families in the state (e.g., number of clients to be served, number of community sites to operate; range of programs and services to provide; and level of quality);
- 2) *Estimates of when resources will be required and over what period of time* they will be needed (e.g., start-up funding may call for large one-time expenditures, while operating costs may rise or fall depending on case loads and other conditions).

The TFP research team did not have access to this kind of detailed implementation plan and cost estimate for the Great Start system to use as the baseline for clearly specifying gaps in funding for specific program components, infrastructure needs, and capital investments across the state. Accordingly, our assessment of gaps in current funding is based largely on the reports of state program officials and local collaborative leaders. Across the board, these respondents noted significant gaps in funding for programs and services related to the Great Start system components. However, Great Start Collaborative leaders indicated that funding needs are greater in some Great Start system components than others.

- *The greatest gap in funding appears to be for early care and education.* Though Michigan does not maintain waiting lists for CCDF child care subsidies, at the state level and at the community level leaders reported shortages of places in quality programs for young children. In part this seems to be the product of subsidy rates that have not kept pace with inflation; in part it is because federal CCDF block grants are capped and available supplementary state funding is inadequate to meet the full demand for services for income-eligible children. Similarly, though Head Start and other preschool programs (e.g., those that receive MSRP and Title I funding) address a portion of the need for pre-kindergarten readiness programs, they are not adequate to meet the full demand. To meet the Great Start goal of school readiness for all Michigan children will undoubtedly require new investments in quality child care and pre-school programs.
- *Similarly, there appear to be significant gaps in programs and services to promote social-emotional health and development and to provide family support and parent education.* Relatively little federal and state funding is available to support young children's social-emotional health and development and to provide family support programs and parent education to vulnerable families. To some extent, foundations and local agencies have stepped in to help meet the need in Michigan. For example, this report highlights two major foundations and five localities that have dedicated resources toward family support programs. However, these grants tend to provide piecemeal support for services in specific communities. There is not a strong system of support and services statewide. Families in need of mental health services, counseling, family support and parent education often face long waits. To meet the Great Start goal of ensuring that young children's and their parents' socio-emotional health needs are met and that vulnerable families in the state have ready access to family support services

and parent education will require new investments at the state level and/or more creative uses of available Title IV-B and Title IV- E child welfare funding.

### **Opportunities and Challenges Related to Coordinating Multiple Funding Sources**

In an effort to connect traditionally separate services and programs and create a more integrated and coherent system of support for Michigan's young children and families, state and community leaders have made efforts to bring diverse federal and state categorical funding closer together. The goal is to provide local Great Start Collaboratives more discretion and flexibility to tailor programs and services to meet community needs. It is also to create greater efficiency and to overcome an array of legal, bureaucratic and administrative barriers that have reinforced highly fragmented service systems.

Michigan uses both braiding and blending as strategies for creating greater flexibility and efficiency in funding streams that support early childhood programs and services, with greater emphasis on braiding. Nevertheless, there are still significant barriers that limit the effectiveness of these strategies:

- *Conflicting eligibility requirements, program regulations and administrative requirements and procedures impede efforts to effectively braid funding for early childhood initiatives.*  
Categorical funding streams are difficult to coordinate because they are often targeted at different age children, family income levels, or children with special needs. They have different requirements related to when and how services are delivered, what curriculum or program standards are in force, and quality standards. They also have different provisions governing the flow of funds to local programs and different administrative requirements for data collection and reporting. Reconciling these differences can be very challenging for local leaders. To overcome these impediments, state officials will need to:
  - *Provide support for training and technical assistance* aimed at helping local Great Start Collaborative leaders better understand the funding landscape and how to tackle administrative barriers to coordination;
  - *Align or adjust the requirements* attached to state and federal funding streams to make them easier to coordinate – for example, allowing programs that coordinate Head Start and MSRP to combine half-day slots from these programs to support full-day preschool

- *Structure new funding streams* in ways that encourage and facilitate coordination with existing programs – for example, creating incentives for the coordination of funding supporting family support and parenting education.
- *Multiple collaborative groups are operating in communities.* Federal, state and private funders have increasingly recognized the value of effective collaboration and coordination in creating and maintaining comprehensive community support systems. As a consequence, most funding now comes with requirements for working cooperatively with others. Michigan leaders are currently engaged in efforts to assure that all collaborative bodies work well together.

### **Toward a Strategic Financing Plan for Great Start**

This funding map and analysis provide a good picture of the mix of current funding sources – public and private – that support the Great Start system components. It sheds light on:

- How many funding sources support the Great Start system? What proportion comes from the public and private sector?
- How much of total resources come from time-limited grants?
- How much funding ECIC and other state leaders can rely on for longer time periods?
- Which funding sources are currently at risk of being cut

It lays the ground work for identifying and weighing strategies to expand funding to support the full implementation of Great Start. Toward that end, The Finance Project research team recommends that ECIC staff work closely with other state officials and Great Start Collaborative leaders to:

1. *Develop a clear plan for full implementation* of the Great Start system at the state and local level, including the scope and scale of programs and services related to each of the Great Start system components, a detailed understanding of required capital investments and start-up needs in all Great Start communities across the state, a clear concept of the size of the target population, and a timetable for implementation.
2. *Identify potential financing strategies and funding sources to fill the gaps* between resources currently in the system and what is needed to support full implementation. Assess them along the following dimensions:

- *How much revenue can be generated? How much does each funding source yield? How does it relate to Great Start fiscal needs? How stable and reliable will this revenue be over time?*
- *What is the administrative burden? Is the juice worth the squeeze?*
- *How will this source affect the broad portfolio of funding? Will it further diversify? Will it concentrate support too much in a single funding source? Does it present constraints, time limits, or vulnerabilities that are similar to current funding sources?*
- *When can Michigan communities expect to realize the revenue? Does it align with the Great Start system implementation timetable for needed funding?*
- *How can funding be used? Is it flexible? Or is it narrowly restricted?*
- *What are the political considerations associated with pursuing this financing strategy and /or funding source? Does accessing this funding provide opportunities to create new partnerships and relationships? Will it lead to damaging turf battles? Is the trade-off worth the revenue that will be generated?*

3. Identify strategies to coordinate and make better use of existing resources at the state and local level.

Opportunities to (1) reduce operating costs (2) redeploy funds from higher cost to low cost service delivery, and to (3) reinvest funds that can be saved through these strategies to new programs and services aimed at reducing the need for expensive deep-end services, can free up funds to expand the Great Start system.

4. Look at innovative ways that other states and communities have utilized similar financing strategies and funding sources to support comprehensive early childhood support systems.

Learn from the experience of others. Take account of what has worked well and what has not worked elsewhere to help frame a coherent set of strategies to generate revenue to support the full implementation of the Great Start system.

## ACKNOWLEDGEMENTS

The authors would like to thank the following individuals who provided us with information on public and private funding for the Great Start system. Several of these individuals also served in an advisory capacity in the development of the report and reviewed drafts of the report.

### Michigan Early Childhood Investment Corporation

Joan Blough, Director of Technical Assistance & ECCS Grant Coordinator  
Mike Foley, Chief Operating Officer  
Chris Kolb, Vice President for Public Affairs  
Kathy Pioszak, Child Care Quality Programs  
Judy Samelson, Chief Executive Officer  
Cheryl Thompson, Child Care Quality Programs  
Nancy Willyard, Head Start Collaboration Director

### Michigan Department of Community Health

Rose Mary Asman, Maternal Health Nurse Consultant, Division of Family and Community Health  
Aurea Booncharoen, Nurse Consultant  
Carol Callaghan, Director, Division of Chronic Disease and Injury Control  
Jean Chabut, Administrator, Public Health Authority  
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The authors would also like to thank Dionne Dobbins, Nina Salomon and Braden Lake of The Finance Project for their contributions to this report.



## APPENDIX I: THE GREAT START SYSTEM BLUEPRINT

Great Start Vision: A Great Start for every child in Michigan: safe, healthy, and eager to succeed in school and in life.

Great Start Mission: The purpose of Great Start is to assure a coordinated system of community resources and supports to assist all Michigan families in providing a great start for their children from birth through age five.

Goal of Collaboratives: Great Start Collaboratives provide access to the Great Start system components for every child 0-5 and their parents by the year 2010.

The Great Start System				
Great Start Component	Great Start Result	Definition	ECIC Goals from original blueprint	Types of Programs
<i>Basic Needs, Economic Security and Child Safety</i>	Families of infants and young children are economically stable.	Services and supports that address the basic, daily living needs of families, as well as child and family safety.	<p>-Implement recommendations from NGA policy academy on homeless families and children. Now part of five-year strategic plan by MI state housing development authority and DHS, involving 40 local DHS offices, to end homelessness.</p> <p>- Broad-based support for definitions of poverty and self-sufficiency. As first step, DHS is focusing on the Jobs, Education and Training initiative. JET places high value on training that leads beyond “just a job”; it is in pilot stages and will be implemented statewide.</p>	<p><u>Basic Needs and Economic Security</u></p> <ul style="list-style-type: none"> <li>- Food (Ex. food stamps, WIC)</li> <li>- Income supports (Ex. TANF, job training, workforce development)</li> <li>- Shelter (Ex. Section 8 housing vouchers, home energy assistance)</li> <li>- Transportation</li> <li>- Emergency Assistance (Ex. Homeless shelters, Red Cross)</li> <li>- Baby Pantry</li> </ul> <p><u>Child Safety</u></p> <ul style="list-style-type: none"> <li>-Substance abuse programs</li> <li>- Domestic violence programs/shelters</li> <li>- Child welfare system (ex. protective services, family/juvenile court, foster care, and adoption)</li> <li>- Safety promotion (police and fire depts.)</li> </ul>

<b>Great Start Component</b>	<b>Great Start Result</b>	<b>Definition</b>	<b>ECIC Goals from original blueprint</b>	<b>Types of Programs</b>
<i>Physical Health</i>	Infants, young children and their families are physically healthy.	Comprehensive physical health and child development services- including screening, assessment and intervention, as well as timely and appropriate referral for specialized developmental, behavioral and social-emotional assessments and interventions.	<ul style="list-style-type: none"> <li>- Insure universal health insurance coverage for children 0-18.</li> <li>- Provide a medical home for every child.</li> <li>- Create MI Care Improvement Registry to give primary care providers access to patient information (i.e. immunizations, lead status, etc.)</li> <li>- Create a pre-natal support and services program for all pregnant women.</li> </ul>	<ul style="list-style-type: none"> <li>- Primary care providers (ex. family practice, obstetricians, pediatricians, community health centers &amp; clinics)</li> <li>- EPSDT providers</li> <li>- Hospitals and specialty clinics</li> <li>- Dentist/oral health care programs</li> <li>- Public health programs, including children's special health care, family planning, lead testing, maternal infant health program, nurse-family partnership and nutrition counseling.</li> <li>- Model/pilot medical and health programs</li> <li>- Sickle cell program</li> <li>- Professional organizations/continuing education</li> </ul>
<i>Social-emotional health</i>	Infants, young children and their families are socially and emotionally healthy.	Specialized screening, assessment and intervention services designed to promote the social-emotional well-being of infants and young children, at risk of developing or with diagnosed emotional disturbances.	<ul style="list-style-type: none"> <li>- Implement the social-emotional focus area of the state-wide, public awareness plan for Great Start.</li> <li>- Develop and implement the social-emotional component of the comprehensive personnel development system for Great Start.</li> <li>- Develop and implement state-wide system for screening and referral of social-emotional health for infants, toddlers and young children.</li> <li>- Provide a comprehensive, universally acceptable culturally and linguistically competent system of care to promote the social-emotional health of infants, toddlers and young children.</li> </ul>	<ul style="list-style-type: none"> <li>- Screening for social emotional wellness</li> <li>- Screening and referral for mothers</li> <li>- Community mental health services programs (ex. home-base, infant mental health services, developmental disabilities programs, family therapy, specialized development assessment.)</li> <li>- Mental health consultation for early care and education programs</li> <li>- Alcohol and substance abuse groups</li> <li>- Support groups, including Parent-to-Parent</li> <li>- Private therapists and family therapy</li> <li>- Pastoral counseling</li> <li>- Professional organizations/continuing education</li> </ul>

<b>Great Start Component</b>	<b>Great Start Result</b>	<b>Definition</b>	<b>ECIC Goals from original blueprint</b>	<b>Types of Programs</b>
<i>Parenting Education and Family Support</i>	Families support and guide the learning of their infants and toddlers.	Services and supports for parents in the critical role they play in the healthy development of their infants and young children and that address the stressors impairing the ability of families to nurture the well-being, safety and overall healthy development of their infants and young children	<ul style="list-style-type: none"> <li>- Expand and improve parenting education programs</li> <li>- Designate or establish/create a comprehensive family resource center in every community in accordance with definition from Family Support America.</li> <li>- Parent involvement in Great Start Collaboratives.</li> </ul>	<u>Parenting Education</u> <ul style="list-style-type: none"> <li>- Web/based print materials</li> <li>- Adult education</li> <li>- Family literacy (Even Start)</li> <li>- Parenting classes/workshops</li> </ul> <u>Family support</u> <ul style="list-style-type: none"> <li>- Support groups</li> <li>- Disability support</li> <li>- Doula programs</li> <li>- Information and referral</li> <li>- Community centers</li> <li>- Programs for at-risk families</li> <li>- Family recreation (YMCA, zoo, etc)</li> <li>- Faith-based programs</li> </ul>
<i>Early Care and Education</i>	Families have access to high quality early care and education	Early care (child care) and education services that support the early learning, health and social-emotional well-being of infants and young children.	<ul style="list-style-type: none"> <li>- Promulgate licensing rules for child care homes and centers that increase requirements for trainings &amp; staff ratios.</li> <li>- Define ECE standards of quality using research-based standards.</li> <li>- Develop and implement quality standards for a quality rating system</li> <li>- Redesign Early On Michigan to improve child and family outcomes.</li> <li>- Design a data system that begins at birth and is able to upload a Single Record Student Database (SRSD).</li> <li>- Require a minimum of training and education for all relative care providers and day care for DHS reimbursement.</li> <li>- Develop and implement the ECE component of a comprehensive personnel development system.</li> </ul>	<ul style="list-style-type: none"> <li>- Child care resource and referral</li> <li>- Programs for children ages 0-3, including child care centers, Early On and Early Head Start</li> <li>- Programs for children ages 3-5, including child care centers, preschool, preschool special education, Head Start, and Michigan School Readiness Program.</li> <li>- Kindergarten</li> <li>- Professional development for child care providers</li> <li>- Library child care programs</li> </ul>

Great Start Component	Great Start Result	Definition	ECIC Goals from original blueprint	Types of Programs
<i>Infrastructure</i>		<p>Infrastructure is defined as having the following key elements:</p> <ul style="list-style-type: none"> <li>- Collaborative governance</li> <li>- Accountability, Results and Standards</li> <li>- Data and information systems</li> <li>- Professional Development and Technical Assistance</li> <li>- Parental and community engagement</li> <li>- Communication and public will building</li> <li>- Service system integration</li> <li>- Financing and Fund Development</li> </ul>	<ul style="list-style-type: none"> <li>- Children’s Cabinet to provide leadership for public sector in developing, implementing and evaluating Great Start system. Ensure that state-level policies are collaboratively developed, realigned and integrated and adopt high-quality standards for each critical component.</li> <li>- Involve parents in planning process through ECIC Executive Committee and GSCs.</li> <li>- ECIC to serve as clearinghouse of information, resources and technical assistance. Provide TA to local communities, establish baseline data for Great Start results, compile evaluation data, maintain and support tools targeted to parents, and support overall framework for comprehensive system of personnel development. Communicate with all stakeholders.</li> <li>- ECIC to serve as focal point and convener in Michigan for development and leadership of great Start system. Lead messaging campaign; consolidate and operate initiatives to increase quality of and expand programs.</li> <li>- ECIC partners with and supports local communities through GSC.</li> </ul>	

**Appendix Key:**

- ✓ - Program primarily supports this GS component
- - Program also supports this GS component

<b>Appendix II: Programs by Great Start Components</b>					
<b>Program</b>	<b>Basic Needs, Economic Security, &amp; Child Safety</b>	<b>Physical Health Care</b>	<b>Social-Emotional Health</b>	<b>Family Support and Parenting Education</b>	<b>Early Care and Education</b>
Adoption Services Program	✓	■	■	■	
Adoption Subsidy	■	✓	■	■	
Child and Adult Food Care Program	■	✓			
Child Care Access Means Parents in Schools	■			■	✓
Child Care Expulsion Prevention			✓	■	■
Child Care Fund In-Home Care Services	■		■	✓	
Child Care Licensing					✓
Child Care Publications Contracts					✓
Child Care Resource and Referral				■	✓
Child Care Training					✓
Child Development and Care	■				✓
Child Lead Poisoning Prevention		✓			
Child Lead Poisoning Remediation		✓			
Child Passenger Safety Training & Education	✓	■			
Child Protective Services	✓			■	
Children's Foster Care	✓				
Children's Special Health Care Services		✓			
Child & Adolescent Health Centers		✓	■		
Child Support Administration	✓				

<b>Program</b>	<b>Basic Needs, Economic Security, &amp; Child Safety</b>	<b>Physical Health Care</b>	<b>Social-Emotional Health</b>	<b>Family Support and Parenting Education</b>	<b>Early Care and Education</b>
Community Interventions to Reduce Motor Vehicle Related Injury to Children	✓	■			
Community Mental Health Services Programs/Prepaid Inpatient Health Plans		✓		■	
CTF Direct Service Grants				✓	
CTF Local Councils				✓	
Early Hearing Detection Intervention Program		✓		■	
Early On		■	■	✓	■
Early Reading First					✓
Employment and Training Programs: Employment Support Services	✓				
Even Start				■	✓
Family Dependency Courts				✓	
Family Independence Program	✓			■	
Family Planning		✓		■	
Family Planning: Plan First		✓		■	
Family Preservation (CSPP& CP/CP)				✓	
Family Preservation (FFM, FRP, & FGD)				✓	
Family Support Subsidy		✓		■	
Fetal Alcohol Spectrum Disorders Program		✓		■	
Fetal Alcohol Syndrome Prevention Project		✓		■	
Fetal Infant Mortality Review		✓			
Food Assistance Program	✓	■			

Program	Basic Needs, Economic Security, & Child Safety	Physical Health Care	Social-Emotional Health	Family Support and Parenting Education	Early Care and Education
Foster Grandparents Program			■		✓
Great Parents, Great Start				✓	■
Head Start	■	■	■	■	✓
Head Start Collaboration	■	■	■	■	✓
Hearing Screening		✓			
Housing Choice Vouchers	✓				
Immunizations		✓			
Infant Mortality Coalitions		✓	■	■	
Infant Mortality Initiative		✓			
Lead Initiative		✓			
Local Maternal Child Health Block Grant		✓	■		
Local Medicaid Outreach		✓			
Low-Income Home Energy Assistance Program	✓				
Maternal Infant Health Program		■	■	✓	
Medicaid		✓	■		
MI Child Program		✓	■		
MI. Dom. Violence Prevention & Treatment	✓		■	■	
MI Maternal Mortality Surveillance Program		✓			
MSRP- Competitive				■	✓
MSRP- School AID				■	✓
Newborn Genetic Screening		✓			
Nurse-Family Partnership		✓	■	■	
Obesity Prevention Program		✓			■

Program	Basic Needs, Economic Security, & Child Safety	Physical Health Care	Social-Emotional Health	Family Support and Parenting Education	Early Care and Education
Parents as Teachers				✓	■
Pregnancy Risk Assessment & Monitoring System		✓			
Prenatal Care Demonstration		■	■	✓	
Prenatal Services		✓			
Prenatal Smoking Cessation		✓			
Preschool Special Education		■	■	■	✓
Public Housing-Domestic Violence	✓			■	
Public Housing-Homeless Families	✓				
Rape Prevention and Education	✓				
Refugee Assistance Program	✓	■			
Ryan White Treatment Modernization Act		✓			
Safe Delivery	✓	■		■	
Safe Schools, Healthy Children	■	■	✓		■
Safe Sleep Statewide	✓	■			
SIDS and Other Infant Death Program		■	■	✓	
Strong Families, Safe Children	■			✓	
Substance Abuse Treatment: Designated Women's Programs	■	■	■	✓	
Support for Community Action Agencies	✓	■	■	■	■
Systems of Care Grants			✓	■	
TEACH Program					✓
Title I					✓

<b>Program</b>	<b>Basic Needs, Economic Security, &amp; Child Safety</b>	<b>Physical Health Care</b>	<b>Social-Emotional Health</b>	<b>Family Support and Parenting Education</b>	<b>Early Care and Education</b>
Vision Screening		✓			
WIC	■	✓			
Workforce/Jobs, Education & Training	✓				
Zero-to-Three Secondary Prevention				✓	



## Appendix III: Federal Funding Sources Supporting the Great Start System

### Entitlements

- **Child and Adult Care Food Program (CACFP)**  
*CACFP reimburses eligible institutions for providing meals and snacks to children and adults receiving day care.*
- **Food Stamps**  
*Households receive food stamp benefits which vary according to household size and income. Food stamp benefits may be used in participating retail stores to buy food for home consumption and garden seeds and plants to produce food for personal consumption.*
- **Medical Assistance Program (Medicaid; Title XIX)**  
*Medicaid is a federal-state matching entitlement program providing medical assistance to low-income persons who are aged, blind, disabled, members of families with dependent children and certain pregnant women and children.*
- **Title IV-E**  
*Title IV-E assists states in providing safe, appropriate, 24-hour substitute care for children who are under state care and need temporary placement outside their homes.*

### Formula/Block Grants

- **Child Abuse and Neglect State Grants**  
*The Child Abuse and Neglect State Grants fund a variety of child protective measures, including assessment and screening of abuse, improved investigations, training for protective workers, and programs to preserve the health of disabled infants and children.*
- **Child Care and Development Fund (CCDF) Block Grant**  
*The vast majority of CCDF dollars are used by states to provide eligible low-income families with child care subsidies in the form of vouchers or certificates. Funds also support initiatives to improve the quality and availability of child care in the state.*
- **Children's Justice Act Grants to States**  
*The Children's Justice Act helps states to develop, establish, and operate programs designed to improve the investigation and prosecution of child abuse and neglect cases, particularly cases of child sexual abuse and exploitation, in a manner which limits additional trauma to the child.*
- **Community-Based Child Abuse Prevention Grant (CBCAP)**  
*Funds assist states in developing and implementing or expanding and enhancing, a comprehensive, statewide system of community-based family resource and support services to prevent child abuse and neglect.*
- **Community Services Block Grant (CSBG)**  
*The Community Services Block Grant funds a variety of services to low-income families, such as activities designed to secure employment and manage income, connections forged between social-service agencies and the government, emergency packages and foodstuffs, etc., that can make a measurable impact on causes of poverty within a community.*
- **Even Start: Formula Grants to States**  
*Even Start focuses on the educational needs of low-income families with young children.. helping them to break the cycle of poverty and illiteracy by improving the educational opportunities available to families with limited educational experiences.*

- **Family Violence Prevention and Services- Grants for Battered Women's Shelters**  
*Grants assist states and Indian Tribes in the prevention of family violence and provide immediate shelter and related assistance for victims of family violence and their dependents.*
- **Maternal and Child Health (MCH) Services Block Grant (Title V)**  
*The Maternal and Child Health Services Block Grant aims to fund the planning, promoting, coordinating and evaluating of health care for pregnant women, mothers, infants, children, children with special health care needs, and those mothers and children that do not have access to adequate health care.*
- **Social Services Block Grant (SSBG)**  
*The Social Services Block Grant provides services directed towards reducing dependency, achieving self-sufficiency, preventing neglect, abuse, or inappropriate institutional care, and securing institutional care when necessary.*
- **State Children's Health Insurance Program (SCHIP)**  
*Grants enable states to initiate and expand child health assistance to uninsured, low-income children, through either the creation of programs that obtain health insurance coverage or the expansion of eligibility requirements for the children.*
- **HOME Investment Partnerships Program**  
*Grants help states to support various strategies to expand the supply of affordable housing, particularly rental housing, for low and very low income Americans*
- **Low-Income Home Energy Assistance (LIHEAP)**  
*Grants allow states to assist eligible households in meeting their home energy costs.*
- **Refugee and Entrant Assistance**  
*Grants reimburse states for health and social services provided to refugees, asylees, and other specific populations.*
- **Special Education Grants for Infants and Families with Disabilities**  
*Grants assist each State to develop and implement a Statewide, comprehensive, coordinated, multidisciplinary, interagency system to provide early intervention services for infants and toddlers with disabilities, and their families.*
- **Special Education Preschool Grants**  
*Grants are provided to the states to assist them in providing a free appropriate public education to children with disabilities ages 3 through 5 years, and at a State's discretion, to 2 year old children with disabilities.*
- **Substance Abuse Prevention and Treatment (SAPT) Block Grant**  
*The SAPT Block Grant provides financial assistance to states and territories to support projects for the development and implementation of prevention, treatment and rehabilitation activities directed to the diseases of alcohol and drug abuse.*
- **Temporary Assistance for Needy Families (TANF)**  
*TANF provides support and financial assistance to needy families through such practices as encouraging them to maintain two-parent households, promoting job preparation, assisting with in-home care for children and working to reduce out-of-wedlock pregnancies.*
- **Title IV-B**  
*Child Welfare Services: State Grants (Title IV-B) strengthens child welfare on a state, local, or tribal basis, addressing the issues of neglect, abuse, exploitation, and delinquency, as well as family*

separation, so that children can remain in their own homes, or if necessary, in homes provided for them.

- **WIC – Special Supplemental Nutrition Program for Women, Infants and Children**  
*WIC distributes, through local, tribal, or state agencies, supplemental nutritious foods, nutrition education, and referrals to health care providers to low-income pregnant, breastfeeding and postpartum women, infants, and children to age five determined to be at nutritional risk.*

## **Discretionary/Project Grants**

- **Child Care Access Means Parents in Schools Program**  
*These grants support the participation of low-income parents in postsecondary education, by supporting or establishing campus-based child care programs that serve the needs of low-income students.*
- **Childhood Lead Poisoning Prevention Program**  
*These grants are intended to develop a surveillance system that monitors all blood lead levels, assure that children who are potentially exposed to lead receive follow up care, and increase awareness and action among the general public and affected professionals in relation to preventing childhood lead poisoning.*
- **Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (Systems of Care Grants)**  
*Funds support community-based systems of care for children and adolescents with a serious emotional disturbance and their families.*
- **Early Reading First**  
*Early Reading First supports local efforts to enhance the early language, literacy, and pre-reading development of preschool age children, particularly those from low-income families, through instructional and professional development strategies proven effective through scientifically-based reading research.*
- **Family Planning Services (Title X)**  
*Grants are used for family planning services including contraceptive services, infertility services and special services to adolescents.*
- **Foster Grandparent Program**  
*The Foster Grandparent Program provides part-time volunteer service opportunities for income-eligible persons age 60 and older, allowing them to serve in many capacities, including mentors, tutors, and caregivers for at-risk children and youth with special needs.*
- **Head Start**  
*Head Start funding promotes school readiness by enhancing the social and cognitive development of low-income children through the provision of comprehensive health, educational, nutritional, social and other services, also involving parents in their children's learning.*
- **Immunization Grants**  
*These grants assist states and communities in establishing and maintaining preventive health service programs to immunize individuals against vaccine-preventable diseases.*
- **Lead-Based Paint Hazard Control Grant Program**  
*Lead-Based Paint Hazard Control grants assist State, Tribal, and local governments to identify and control lead-based paint hazards in privately-owned housing that is owned by or rented to low- or very-low income families.*

- **Parent Information Resource Centers**

*Grants support nonprofit organizations and nonprofit organizations in consortia with local education agencies (LEAs) to assist them in establishing parental information and resource centers.*

- **Ryan White CARE Act - Coordinated Services and Access to Research for Women, Infants, Children, and Youth**

*The Ryan White CARE Act improves access to primary medical care, research, and support services for HIV-infected women, infants, children, and youth and family members through the provision of services aimed at linking established systems of care, implementing HIV prevention programs, educating clients, and addressing the intensity of service needs and high costs.*

- **Safe Schools/ Healthy Students Initiative**

*Grants are used to promote healthy childhood development and prevent violent behaviors through fully-linked education, mental health, law enforcement, juvenile justice, and social services systems, which include preventive and treatment programs for mental health and drug abuse and programs for a generally safe school environment.*

## **Direct Payment**

- **Housing Choice**

*The Housing Choice Program, a program of the Department of Housing and Urban Development, aims to provide affordable and sanitary housing for low-income families by providing housing assistance payments.*

## Appendix IV:

### Council of Michigan Foundations Early Childhood Survey Participants, 2004

The Council of Michigan Foundations surveyed the following foundations, all of which individually have assets over \$1 million dollars, and which report supporting early childhood initiatives. This list provides only a snapshot of foundations contributing to early childhood initiatives at one point in time, when surveyed by the Council in 2004. It also captures only those foundations who participated in the survey.

FOUNDATION	TYPE
Ann Arbor Community Foundation	Community
Barry Community Foundation	Community
Battle Creek Community Foundation	Community
Guido A. & Elizabeth H. Binda Foundation	Independent
The Blodgett Foundation	Family
Branch County Community Foundation	Community
Cadillac Area Community Foundation	Community
Capital Region Community Foundation	Community
Carls Foundation	Independent
Charlevoix County Community Foundation	Community
Colina Foundation	Family
Cook Family Foundation	Family
Community Foundation for Delta County	Community
Dickinson Area Community Foundation	Community
Herbert H. & Grace A. Dow Foundation	Family
Four County Community Foundation	Community
Fremont Area Community Foundation	Community
Frey Foundation	Family
The Gerber Foundation	Independent
Grand Haven Area Community Foundation	Community
Grand Rapids Community Foundation	Community
Grand Rapids Jaycees Foundation	Public
Gratiot County Community Foundation	Community
Community Foundation of Greater Flint	Community
The Community Foundation for the Holland/Zeeland Area	Community
The Jackson County Community Foundation	Community

Kalamazoo Community Foundation	Community
Keller Foundation	Family
W.K. Kellogg Foundation	Independent
Keeweenaw Community Foundation	Community
Mackinac Island Community Foundation	Community
Marquette Community Foundation	Community
McGregor Fund	Independent
Michigan Gateway Community Foundation	Community
Miller Foundation	Independent
Community Foundation of Monroe County	Community
Charles Stewart Mott Foundation	Independent
Community Foundation for Muskegon County	Community
Community Foundation for Northeast Michigan	Community
Paine Family Foundation	Family
Petoskey-Harbor Springs Area Community Foundation	Community
Sanilac County Community Foundation	Community
SBC Foundation	Corporate
Skillman Foundation	Independent
Community Foundation for Southeastern Michigan	Community
Steelcase Foundation	Corporate
Frederick S. Upton Foundation	Family
Whirlpool Foundation	Corporate
Harvey Randall Wickes Foundation	Independent

## **About the Finance Project**

*Helping leaders finance and sustain initiatives that lead to better futures for children, families and communities*

The Finance Project is an independent non-profit research, consulting, technical assistance and training firm for public and private leaders nationwide. We specialize in helping leaders plan and implement financing and sustainability strategies for initiatives that benefit children, families and communities. Through a broad array of products, tools and services, we help leaders make smart investment decisions, develop sound financing strategies, and build solid partnerships. To learn more, visit [www.financeproject.org](http://www.financeproject.org).