

A First Look at the Governor's Fiscal Year 2016 Budget

GOVERNOR PROPOSES POSITIVE INVESTMENTS DESPITE REVENUE LOSSES

Gov. Rick Snyder's budget for Fiscal Year 2016 includes many important investments in families and children, despite lower than expected revenues, including:

- ◆ A new \$49 million initiative to improve reading by third grade;
- ◆ \$100 million in additional funding for children at risk of falling behind their peers academically;
- ◆ Funding to expand the number of child care licensing inspectors the state needs to keep children safe;
- ◆ Increases in child care provider payments and policy changes that allow families to keep their child care even if their incomes increase;
- ◆ Increased investment in dental payments for adult Medicaid enrollees to promote access;
- ◆ An expansion of dental care to children ages 0-8 receiving Medicaid in the state's most populous counties of Wayne, Oakland and Kent;
- ◆ An increase in funding for mental health services for people not eligible for Medicaid;
- ◆ \$6 million in new funding for community college independent part-time student grants; and
- ◆ Increased funding for universities contingent on limits in tuition increases of 2.8% or less.

Despite these wins for lower-wage families and their children, there are many critical state services that

continue to be underfunded, ultimately thwarting the state's economic growth. Children are living in deeper poverty in Michigan in part because of policy changes that reduced eligibility for income assistance programs – including stringent lifetime caps on assistance and the elimination of income support for an entire family due to the truancy of a single child. Fewer families can receive food assistance and food assistance benefits have been reduced, in part the result of a state

asset test. And, while there have been small increases recently in support for public schools, universities and communities, in most cases, they have not fully restored cuts taken during the Great Recession even without factoring in the pressures created by inflationary increases in costs.

While the governor has proposed a balanced budget for 2016, there are many threats to the state's fiscal health on the horizon. Top among them is the potential loss to the state and its economy if voters do not approve the bipartisan, compromise transportation package, leaving the state with few other options to fix the roads without further depleting scarce state funds needed for other vital state services.

Also acting as an anchor dragging on the state budget are the deep business tax cuts adopted in 2011, along with the expected costs of outstanding business tax credits, which are now projected to be up to \$600 million a year through 2030, at a total state cost of \$9.4 billion. Without offsetting revenues, cuts of this magnitude could so weaken basic public services in Michigan such as public safety, transportation, education and public health that the state's economy could be crippled for years to come.

Budget



Briefs

THE 2016 EXECUTIVE BUDGET

While Michigan's economy is growing, shortsighted tax policy decisions by state lawmakers created budget shortfalls in excess of \$300 million this year and \$500 million in the upcoming fiscal year. Most of the shortfall is the result of deep cuts in business taxes that were approved by the Michigan Legislature in 2011 – in the face of known outstanding business tax credits that are expected to be a drain on the budget for many years to come.

As part of the effort to balance the current year budget, the governor issued an Executive Order on Feb. 11 cutting nearly \$103 million in state funds, with additional cuts to be taken through mid-year budget-cutting legislation. Together, these cuts will essentially zero out overall funding increases in the current budget year, and many of the reductions are maintained or expanded in the governor's 2016 budget proposal.

The total budget proposed by the governor is \$53 billion, including all state and federal revenue. Over 40% of the budget is supported by federal funds. In addition, Michigan has two major State funds for services: the General Fund (\$9.5 billion in the governor's budget), and the School Aid Fund (\$14.4 billion). The School Aid Fund can only be used to fund public education, including more recently postsecondary education.

The governor recommends a \$95 million deposit to the state's "rainy day fund," bringing the balance to nearly \$616 million by the end of the 2016 fiscal year.

Among the governor's stated objectives for the 2016 budget are investments in: (1) education, with a focus on early learning 0–3; (2) skilled trades; (3) public safety; and (4) health and human services.

SCHOOL AID

The governor's 2016 School Aid budget includes total state and local funding of \$13.96 billion, an increase of \$88.6 million over the current year or less than 1%. The governor recommends that in 2016, School Aid revenues be used to fund universities (\$205 million) and community colleges (\$256.7 million).

In the current fiscal year, approximately \$2 of every \$3 in the School Aid budget are used for the per-pupil foundation allowance, which is the bedrock of school operations. Other major expenditures include special

education (10%), programs for children at-risk of educational failure (2%), and early childhood education programs (2%).

Per-Pupil Funding: Each year the Michigan Legislature determines the level of per-pupil payments school districts will receive. After reductions in the per-pupil payments of \$470 between 2009 and 2012, in the current school year districts receiving the minimum payment are still receiving \$65 less per pupil than they were in school year 2010-11, and those at the maximum payment level are receiving \$390 less per-pupil.

The minimum per-pupil state payment to districts this year is \$7,251, while the maximum is \$8,099. One goal for school financing reforms adopted in 1994 in Michigan was to close the funding gap, and this year the gap between districts receiving the maximum and minimum payments was reduced to \$848 per pupil.

For 2016, the governor recommends:

- ◆ A \$75 per pupil increase for all districts, bringing the minimum payment to \$7,326 and the maximum to \$8,174 (\$108 million total investment).
- ◆ A 60% cut in funding for school districts implementing best practices, from \$75 million to \$30 million. The best practices criteria are changed by the governor to focus on school district fiscal stability, as well as early reading and kindergarten entry assessments.
- ◆ The elimination of funding for performance grants (\$51 million).

Although the governor proposes an across-the-board increase of \$75 per pupil, for some districts that will be offset by the loss of funding from best practices or performance grants. Some districts could actually lose per-pupil funding if they are currently receiving both best practices and performance grants.

Funding for School Districts in Fiscal Distress: The governor proposes a significant increase in funding for financially struggling school districts. The 2016 budget includes \$75 million for districts with severe academic and fiscal stress, although details on how those funds would be allocated are still to be determined, based on recommendations from a coalition of business, academic and civic leaders.

At-Risk Programs: Michigan provides funds to school districts for a range of instructional and noninstructional services for at-risk students based on the number of children qualifying for free- and reduced-price meals. This year, budget language was adopted to focus those dollars on: (1) improving third-grade reading proficiency; and (2) graduating students who are career and college ready. Funding for at-risk students has not been increased in over a decade, remaining at \$309 million.

For 2016, the governor recommends:

- ◆ An additional \$100 million for at-risk students, bringing total funding to \$409 million.
- ◆ A continuation of current year funding for adolescent health centers (\$3.6 million) and hearing and vision screenings (\$5.2 million).

Early Childhood Education and Care: Over the last two years, Gov. Snyder and the Legislature approved a \$130 million increase in funding for the Great Start Readiness preschool program for low-income and at-risk 4-year-olds. For 2016, the governor proposes a budget that addresses school readiness and third-grade reading proficiency comprehensively, starting in the earliest years of life.

For 2016, the governor recommends:

- ◆ Continued funding for the Great Start Readiness program (\$239.6 million).
- ◆ A new third-grade reading initiative with total funding of \$48.6 million (\$25 million state funds) that includes:
 - An expansion of home visits to at-risk families to encourage early literacy activities and identify children with disabilities and developmental delays, with funds going to Intermediate School Districts (\$5 million).
 - New funds for parent education pilot programs for families with children under age 4. The programs would be open to families regardless of income, with fees on a sliding scale (\$1 million).
 - Funding to test new elementary teachers on reading instruction capabilities prior to their certification to teach, as well as professional development for current teachers (\$1.45 million).

- Funds to train teachers and administrators in the use of literacy diagnostic tools (\$1.45 million).
- Funding for additional instruction time for students who need extra assistance with reading, including assistance before, during and after school, as well as summer school programs (\$10 million).
- New literacy coaches for K-3 teachers, coordinated through Intermediate School Districts (\$3 million).
- Funds to implement the Kindergarten Entry Assessment (\$2.6 million).

- ◆ A new **oversight commission** outside of state government to monitor progress toward improving third-grade reading proficiency. The governor's proposal is based on a model in Kentucky where the commission has business and philanthropic support and leadership.

Career and College Readiness:

For 2016, the governor recommends:

- ◆ Continuation funding of \$22 million for adult education. Michigan has cut state funding for adult education drastically in the past 20 years, from \$185 million in 1996 to \$22 million this year. The state is currently in the process of changing how it allocates those funds statewide, focusing on the percentage of people in a region who are not high school graduates or lack basic English proficiency.
- ◆ An expansion of career and technical education through early/middle college programs in the 10 prosperity regions (\$17.8 million) as part of a total \$36 million investment in the governor's new talent initiative.
- ◆ Funds to expand the level of awareness of available college and career choices and increase the number of college advisors in schools (\$2.2 million).

EDUCATION

The budget for the Michigan Department of Education grew significantly in 2012 with the launching of the Office of Great Start and the transfer of the state's subsidized child care program from the Department of Human Services. Two of every \$3 spent by the Department are

from federal sources, with the Child Development and Care program accounting for \$110 million (38%) of the total \$287 million budget.

Overall funding for child care, as well as the number of families served by the child care program, fell steeply in recent years, in part because of changes in state policy and reimbursement rates that fall far below market rates. The governor's budget begins to address those problems by providing funds to increase rates slightly and by allowing families to remain eligible for child care even, if their incomes rise in some circumstances.

For 2016, the governor recommends:

- ◆ A new policy that would allow families to remain eligible for child care for up to one year, even if their incomes rises. The goal is to provide greater work and child care stability (\$16 million).
- ◆ In addition, once families are eligible for care under Michigan's current low-income guidelines (121% of poverty), they could remain eligible until household income exceeds 250% of poverty (\$1.5 million).
- ◆ A rate increase for higher quality child care providers of approximately 25 cents per hour. This year, small rate increases were given to providers who received three, four or five stars on the state's quality rating system. For 2016, the governor proposes to also provide increases for providers earning two stars (\$6.1 million).
- ◆ A 50% expansion in the number of child care licensing inspectors needed to ensure basic health and safety in child care settings. The governor includes \$5.7 million to reduce the number of providers each child care licensing inspector is responsible for from approximately 150 to 98. Michigan has come under federal scrutiny for its failure to ensure compliance with child care licensing rules, and recent federal law changes require states to do both precensure and annual inspections.

HUMAN SERVICES

The governor's fiscal year 2016 budget includes \$5.73 billion in total funding for the Department of Human Services (DHS), including \$978.9 million in state dollars, a reduction of 0.4% from initial current year funding of \$5.75 billion.

The single largest program in the human services budget is the federally funded Food Assistance Program, which accounts for 45% of total departmental spending. Federal funds account for nearly 80% of the DHS budget, up from 70% in 2004. Other major programs include children's services (20%), administration and field operations (18%) and other public assistance programs (8%).

Income Assistance: The Family Independence Program (FIP) provides minimal income assistance to low-income households with dependent children. To be eligible for FIP, an average family of three must have income below \$9,780 annually and financial assets of less than \$3,000. The maximum benefit for a family of three is \$492 per month.

For 2016, the governor recommends:

- ◆ A 6% cut from current year FIP spending (from \$146.6 to \$138 million), partly due to a reduction in the number eligible, which the governor projects will be 31,400 families next year. Policy changes made in 2011 resulted in dramatic decreases in FIP cases, despite continued high poverty rates, particularly among children. Between 2007 and the current budget year, spending on income assistance declined by 66%.
- ◆ An expansion of the Pathways to Potential program with \$20.6 million in private contributions and federal funding. In addition to schools, staff will be located in health clinics, hospitals and with private employers to determine eligibility and assistance obtaining services.
- ◆ Elimination of Extended-FIP that gives households who are no longer eligible for income assistance due to increased earnings a nominal \$10 per month in assistance for six months after they leave the program, ostensibly to help them access other state services as well as allowing the state to continue counting the households in its federally mandated work participation rate. This minimal assistance does, however, count against the state's more stringent lifetime limits and could hurt children in the long run.
- ◆ Continued funding of \$2.88 million for the annual children's school clothing allowance. The assistance

is available only for children who are living with grandparents and others who are not eligible for assistance.

Food Assistance: The Food Assistance Program (formerly the Food Stamp Program) is completely federally funded, with an average monthly benefit for a two-person household of \$245. More than 70% of FAP recipients receive no other cash assistance from the state. The number receiving food assistance began to fall in Michigan in 2011, the same year that the state imposed a new asset limit. Between fiscal years 2011 and 2015, cases dropped by 13%.

Beginning Oct. 1, 2014, food assistance recipients no longer receive \$1 in federal energy assistance (LIHEAP) that previously helped recipients claim the maximum utility deduction, which subsequently increased their food assistance. The 2014 federal Farm Bill increased the required amount of LIHEAP funding for eligibility purposes from \$1 to \$20, which essentially left states with the option of increasing the minimum energy assistance benefit to \$20, or accepting food assistance cuts for many Michigan residents, along with the associated loss of federal funds. Michigan chose the latter.

For 2016, the governor recommends:

- ◆ Continuation funding of \$2.56 billion for food assistance.
- ◆ No change in the policy that rejects additional federally funded food assistance because of a needed increase in the minimum energy assistance benefit.
- ◆ No change in the asset test that was imposed on individuals applying for federal food assistance, and which is a state option.

State Disability Assistance: The State Disability Assistance program, a completely state-funded program, provides cash assistance to adults with disabilities who are permanently or temporarily unable to work and who have annual incomes of less than \$5,400 and under \$3,000 in assets. The average monthly payment for a single person is \$225 per month, and the average length of time on SDA is approximately one year.

Between 2011 and 2012, the number of people receiving state disability assistance fell by 14% and has steadily

declined since. There was a 35% drop in the number receiving assistance between fiscal years 2011 and 2015.

For 2016, the governor recommends:

- ◆ A small increase in funding for the State Disability Assistance program – up from \$14.4 million this year to \$14.89 million in 2016.

Energy Assistance: Michigan uses federal Low-Income Home Energy Assistance Program (LIHEAP) block grant funding for four programs: the Home Heating Credit, State Emergency Relief, the new Michigan Energy Assistance Program, and weatherization.

For 2016, the governor recommends:

- ◆ Continuation of current year spending of \$175 million in federal funds for energy assistance.
- ◆ Continuation funding of \$50 million for the Michigan Energy Assistance Program, which was created in response to a state law (P.A. 615 of 2012) requiring DHS to establish a new consolidated program with a single, simplified application.

Child Welfare Services: Michigan's child welfare system includes protective services, foster care, adoption, and family preservation and prevention services. To comply with requirements related to a lawsuit against the state for its failure to protect children, the state has been required to increase child welfare funding for staffing, training and other programs.

For 2016, the governor recommends:

- ◆ **FOSTER CARE:** A reduction in foster care payments attributed to a decline in number of children under state supervision. The governor's budget recommends a change in the foster care payment system to focus on actuarially sound rates and performance-based outcomes.
- ◆ **CHILD CARE FUND:** A decrease of nearly 3% for the Child Care Fund (from \$182.2 to \$177.3 million). The Child Care Fund reimburses counties for 50% of their costs related to the care and treatment of children who are wards of the court, including out-of-home and in-home services. In the current fiscal year, several foster care rate increases were implemented that deviate from the 50/50 cost-sharing arrangement. The governor's budget reduces the private

agency administrative rate from \$40 to \$37 per day, and returns to a 50/50 state and county cost-sharing model to save \$10.4 million (\$8.7 million state funds).

- ◆ **ADOPTION:** A 3% decrease from the initial current year funding for adoption subsidies (from \$247.7 to \$239.9 million). Subsidies are provided to families who are adopting children with special needs and include both cash and medical assistance. The number of families receiving adoption subsidies has been relatively stable since fiscal year 2011, between 26,000 and 27,000. The governor's budget includes savings of \$6.9 million (\$6.5 million state funds) by restricting eligibility for a supplemental payment now available to parents whose children display additional medical needs after adoptions are completed.
- ◆ **YOUTH IN TRANSITION:** \$15 million for Youth in Transition programs, a slight decrease from initial current year funding. The Youth in Transition program assists 14- to 20-year-olds who are currently or were previously in foster care. Funds are used to provide independent living services, housing assistance, education or employment support, mentoring and other assistance to meet basic needs. Youth in Transition dollars also fund intervention programs for runaway or homeless youths. The governor's budget continues the practice of setting aside \$750,000 for Fostering Futures Scholarships for youths attending college in the state.
- ◆ **PREVENTION SERVICES:** The governor's budget provides continuation funding for Strong Families/Safe Children (\$12.35 million), as well as \$38.86 million for family preservation programs, including Families First (\$16.98 million), Child Protection and Permanency (\$12.89 million) and Family Reunification (\$6.49 million).

Juvenile Justice Services: The governor recommends slightly decreased funding for the state's three DHS-operated juvenile justice facilities: W.J. Maxey Training School, Bay Pines Center and Shawono Center. Funding previously provided to expand in-home community care programs to rural areas is reduced by 60%, from \$1 million to \$400,000.

COMMUNITY HEALTH

The governor's budget recommends a mixture of initiatives, funding and program reductions, and significant funding shifts. Total recommended funding for the Department of Community Health is \$19 billion, including \$3 billion in state funds, which is lower than the initial appropriation for the current budget year. The bulk of DCH's funding is for the state's Medicaid and Healthy Michigan Plan programs (78%), followed by mental health and substance abuse services (16%). In 2016, federal funds will make up over 70% of the DCH budget.

Medicaid and Healthy Michigan Plan: Nearly one in every four Michigan residents relies on Medicaid or the Healthy Michigan Plan for healthcare coverage. In the current budget year, the governor projects that 1.7 million Michigan residents will be covered by Medicaid, with an additional 540,000 recipients enrolled in the Healthy Michigan Plan. The governor's budget for 2016 projects a very small increase in Medicaid enrollees (about 13,000) and continued growth in Healthy Michigan Plan (40,000) enrollees (40,000), bringing total enrollment for the Healthy Michigan Plan to 580,000.

For 2016, the governor recommends:

- ◆ Continuation of \$100 million savings in state funds for Medicaid based on lower projections of the number of persons who will be enrolled in the current year.
- ◆ \$3.5 billion for the Healthy Michigan Plan, which is financed with all federal funds for the final year. For the program to continue, Michigan must submit a second waiver to the federal government and it must be approved by the end of 2015.
- ◆ Removal of prescription drugs from the Medicaid managed care contracts and development of a separate pharmacy benefit contract. This proposal is expected to generate higher drug rebates, as well as administrative savings for a total of \$22.1 million in state funds.
- ◆ \$36.8 million for autism services, restoring the reduction made in 2015 due to the slow start of the program. The budget also recommends increasing coverage to age 21 from the current age 6. One-time

funding is continued to train autism services providers through Michigan State University, Western Michigan University, Central Michigan University, Oakland University and Eastern Michigan University. Total funding for training is reduced from \$7 million to \$2.5 million, with \$500,000 allocated to each university.

- ◆ Funding of \$8.3 million in state funds (\$24.2 million in total) to provide full-year funding to continue approximately half of the rate increase for primary care providers. This critical state investment is intended to encourage primary care doctors to serve the Medicaid population.
- ◆ Funding is recommended starting July 1, 2015, to develop a statewide managed care contract for dental services for adult Medicaid enrollees to increase dental access for adults. An investment of \$23 million, of which \$7.9 million is state funds, is recommended and is financed from savings in other program areas.
- ◆ Elimination of \$11 million in total payments, \$3.8 million from state funds, to rural hospitals for the special payment implemented in the 2015 budget year for obstetrical services.

Healthy Kids Dental: Michigan currently provides enhanced dental services to more than 600,000 children in 80 counties. Access to dental services is essential to prevent tooth decay, the No. 1 chronic disease in children. Healthy Kids Dental improves access to care by partnering with Delta Dental of Michigan to increase provider reimbursement rates and simplify administration. With the expansion in 2015, all counties are now covered except Wayne, Kent and Oakland.

For 2016, the governor recommends:

- ◆ Expansion of the Healthy Kids Dental program to an additional 210,000 children ages 0 through 8 in Kent, Oakland and Wayne counties with an investment of \$15.7 million (\$5.4 million in state funds). With this expansion, the program would cover over 800,000 children, but not all eligible children in the state. Yet to be covered would be more than 170,000 older children in Wayne, Oakland and Kent counties.

Mental Health and Substance Abuse Services: Implementation of the Healthy Michigan Plan resulted in

dramatic reductions in the state funds needed to serve those not eligible for Medicaid, as the vast majority of individuals were expected to transition from state-funded services to Healthy Michigan Plan services, which are 100% federally funded. The transition has not been smooth, and concerns have been raised that state funding reductions were too large and too fast.

For 2016, the governor recommends:

- ◆ Restoration of \$20 million in state funds to cover services provided to those not eligible for Medicaid or the Healthy Michigan Plan.
- ◆ Funding to continue to implement the recommendations of the Mental Health and Wellness Commission (\$12.7 million in state funds of which \$1.5 million continues to be one-time funding).

Public Health and Children's Services: Two of every \$3 spent on public health services is federal. Over the last decade, nearly all increases in total public health funding have been from federal grants or other sources, while state investments have not been made.

For 2016, the governor recommends:

- ◆ Restoration of the \$1.5 million increase provided in the 2015 budget to local public health departments for essential services, which was subsequently eliminated in Executive Order reductions. The governor's recommendation brings funding for local public health essential services to the level it was 10 years ago.
- ◆ Continuation funding for a pilot program begun in 2015 to improve child and adolescent health services by working with existing school-based clinics to develop satellite locations that will provide nursing and behavioral health services (\$2 million in one-time funding).

Services for the Aging: The governor's budget continues funding of \$84 million for senior in-home and nutrition services. The state is working to become a "no wait" state for services.

For 2016, the governor recommends:

- ◆ Expansion of PACE (Programs for All-Inclusive Care for the Elderly) to more areas, funded through corresponding savings in nursing home costs.

POSTSECONDARY EDUCATION

Because Michigan does not have a state agency that exercises financing or policy authority over its universities and community colleges, the Legislature funds those institutions through the Higher Education and Community Colleges budgets.

Michigan's three existing financial aid grant programs (the Tuition Incentive Program, the Competitive Scholarship and the Tuition Grant) are funded through the Higher Education budget, even though community college students may also apply for and receive those grants. The reinstatement of a grant for adult learners has been proposed in the community college budget.

For 2016, the governor recommends:

- ◆ No funding increases for the three major financial aid grant programs – the first time in many years that the Tuition Incentive Program has received no increase. However, the community college budget funds, for the first time since 2009, the Part-Time Independent Student Grant, which helps older students. None of the grants currently funded through the higher education budget are available to students who have been out of high school for more than 10 years. Of the total funding for the higher education budget grant programs, \$98.3 million comes from the federal Temporary Assistance for Needy Families allocation, while \$7.8 million comes from the state's General Fund.
- ◆ A 1.4% increase (\$4.3 million) in total operational funding for Michigan's 28 community colleges, half of which is distributed as performance funding for weighted degree and certificate completions, enrollment and administrative costs as a percentage of core expenditures. This is a smaller increase than in 2015, which was a 3% increase of \$8.9 million, or 3%. As in previous recent years, the majority of overall funding for community colleges (which includes not only operational and financial aid funding, but retirement funding, etc.) comes from the School Aid Fund, and only 35% (\$137.1 million) is from the General Fund.
- ◆ A total increase in funding for university operations of \$28 million (2%) over the current fiscal year. As in previous recent years, this increase is in the form of performance funding using the following metrics:

weighted undergraduate completions in critical skills areas, research expenditures, six-year graduation rates, total completions, administrative costs as a percentage of core expenditures, and the percentage of students receiving Pell Grants. The budget continues the practice of requiring universities to limit tuition increases in order to receive any performance funding, but has lowered the limit from 3.2% to 2.8%. This "tuition restraint" prerequisite for receiving performance funding helps to keep post-secondary education affordable for low-income students.

CORRECTIONS

The governor reduces funding for the Department of Corrections by 3%, from \$2.04 billion this year to \$1.98 billion in 2016. The majority of the funding is for prison operations (76%), followed by parole, probation and community services (16%) and administration (6%). In the current fiscal year, more than 97% of the MDOC budget comes from state funds.

The corrections budget is the state's second largest in terms of its share of state General Fund dollars. After about two decades of strong growth, corrections funding has grown modestly as the prisoner population has stabilized. Increased spending is mostly driven by increased costs in prisoner health and mental health care.

Prisoner Healthcare: Most prisoner inpatient hospitalizations, certain services for mentally ill and medically fragile inmates, and some re-entry services are now covered by Medicaid, which when expanded allowed an estimated 80% of inmates and parolees to obtain Medicaid for covered services outside of secure facilities.

For 2016, the governor recommends:

- ◆ \$309.4 million for prisoner health care services, the vaccination program, substance abuse testing and treatment, and clinical and mental health services and support.
- ◆ \$1.08 million for administrative costs related to eligibility determination and enrollment in the Healthy Michigan Plan.

Prisoner Education: State prisoner re-entry programs include education services to facilitate reintegration into the community. Prisoner education programs aim to

provide marketable skills to offenders through academic, workplace and social competency training. In 2014, the governor signed legislation to allow qualifying parolees who complete a career or technical education course to receive a certificate of employability to help the parolee obtain a job upon re-entry to the community (PA 359).

For 2016, the governor recommends:

- ◆ A total of \$35.9 million for prisoner education programs, which is an increase of \$500,000 due to additional federal funds.

Parole, Probation and Community Programs:

MDOC currently supervises about 47,000 offenders on felony probation and more than 14,000 offenders on parole.

For 2016, the governor recommends:

- ◆ \$323 million in total funding (\$304 million General Fund) for parole, probation, and community programs, down approximately 7% from initial current

year. Changes include the elimination of the Goodwill Flip the Script program (\$2.5 million), the transfer of the jail mental health diversion project to the Department of Community Health (\$1 million) and other reductions in re-entry services.

Mental Health Diversion Council: The governor created the Mental Health Diversion Council in 2013, tasking the council with developing methods to divert individuals with mental illnesses or substance abuse problems from the criminal justice system and into appropriate treatment.

For 2016, the governor recommends:

- ◆ Transfers funding (\$1 million) to the Department of Community Health to streamline mental health diversion programs and services. The current year budget funded a pilot project to connect inmates with appropriate mental health treatment as they are released into the community.