With strong bipartisan support, the Legislature approved a 2021-22 state budget that provides a significant increase, largely through additional federal funds, to the Department of Health and Human Services. This increased investment spurs improvements in wages for direct care workers, expansions in maternal and child health, and starts investing in ways to help reduce health disparities. Federal aid also spurs increased investment in food assistance to families and seniors in need.

**HEALTH**

**Direct Care Wage Increase:**
The executive budget proposal included $110 million ($54.7 million in state general funds) to make permanent a $2 per-hour wage increase first provided in March, 2020, for direct care workers serving Medicaid-enrolled seniors in nursing homes and other home and community-based programs. The estimated annual ongoing cost totaling $360.0 million ($121.4 million state funds).

**Final budget:** The final budget makes permanent and slightly raises — to $2.35 an hour — a wage increase for an expanded definition of direct care workers, including those providing care in nursing homes, adult foster care, in-home and respite settings, and supportive employment programs. Also included is a $2.00 per hour increase for front line workers in child caring institutions. Annual ongoing costs are estimated at $414.5 million ($146.1 million in state funds).

**Maternal and child health:**
The governor proposed $10.0 million ($6.6 million in state funds) for full-year costs and expanded supports under the Healthy Moms, Healthy Babies Initiative. This includes $7.4 million ($6.3 million in state funds) to expand home visits to 1,000 parents with infants at-risk due to substance exposure, along with funds to increase program navigators to help parents find the right home visiting programs and mental health supports. The governor also included an increase of $5.1 million to continue the extension of postpartum Medicaid coverage from 60 days to 365 days.

**Final budget includes:**

- $11.4 million ($8 million in state funds) to annualize and expand the Healthy Moms Healthy Babies initiative. This includes the $7.4 million ($6.3 million in state funds) to expand home visiting by 1,000 slots and increase navigators and mental health supports.

- $5.1 million to continue the extension of Medicaid coverage for pregnant women from 60 days to 365 days postpartum.

**Behavioral Health:**
Gov. Whitmer proposed: (1) a $91 million ($30 million in state funds) investment to meet the requirements of a legal settlement (KB v Lyon lawsuit) related to Michigan's failure to provide needed intensive home and community-based mental health services for children and young adults; and (2) $26.5 million ($5 million in state funds) for a two-year project to establish 14 community behavioral health clinics across the state to provide integrated behavioral and physical health services for an estimated 100,000 adults and children.
Final Budget: The final budget includes the $91.0 million ($30.0 million in state funds) investment proposed by the governor for behavioral health services related to the KB v. Lyon lawsuit agreement. Also included is $26.5 million ($5 million in state funds) to establish 14 integrated behavioral and physical health clinics across the state.

Services for older adults:
The governor provided: (1) $37.5 million ($9 million in state funds) in one-time funding to raise rates for Medicaid long-term care/nursing homes; and (2) $19.1 million ($5.3 million in state funds) for the MI Choice program that allows seniors to receive health services at home or in the community rather than in a nursing home—opening up 1,000 slots.

Final budget: The final budget includes $37.5 million in federal Coronavirus State Fiscal Recovery funds to support a one-time Medicaid rate increase for long-term care/nursing homes and $19.1 million ($4.4 million in state funds) for MI Choice program expansion. Additionally, Program for All-inclusive Care for the Elderly (PACE), another home and community based program for older adults, will serve at least 6,920 enrollees across the state.

Initiatives to promote health equity:
The governor included funding for several initiatives to address the drastic racial and economic health disparities which were magnified by the COVID-19 crisis, including; (1) $6.7 million to expand services for sickle cell disease for adults who have aged out of Children's Special Health Care Services (CSHCS), but are not eligible for Medicaid; (2) $8.4 million for community navigators and other technology to help improve access to health coverage and screen for health-related social needs; and (3) $2.1 million to establish a Race, Equity, Diversity and Inclusion Office in the MDHHS.

Final budget includes:

- $6.7 million in state funds to expand sickle cell disease health coverage for adults (age 21 and older) who have aged out of CSHCS and are not eligible for Medicaid.

- $8.4 million ($5.1 million in state funds) in one-time funding for new initiatives to reduce health disparities, including increasing use of community-based health navigators to support greater access to healthcare and making improvements to data sharing and statewide screening tools to better identify health-related social needs.

Lead Poisoning Prevention Fund (LPFF):
Governor Whitmer proposed increasing funding from the current $2.0 million to $10.0 million for the 2022 budget year. The LPPF was established in the 2021 budget as a loan loss reserve fund. It reduces risk to private lenders as an incentive for them to extend low-cost loans to landlords and homeowners for projects that reduce lead exposure.

Final budget: The final budget includes an $8.0 million increase in state funds for a total of $10.0 million.

HUMAN SERVICES
FOOD AND INCOME ASSISTANCE

Food assistance:
The governor's 2022 budget included a net increase of $1.3 billion in federal funding for the food assistance program to reflect estimated caseloads, and in anticipation of the continuation of a 15% increase in food assistance benefits that was in place in the 2021 budget year, as well as the extension of supplemental food
assistance benefits to students who have temporarily lost access to free or reduced-price school meals. Between January and May of 2020, the number of people in Michigan receiving food assistance rose by over 30% as thousands lost work as a result of the pandemic. Since that time, the number has dropped, but remains higher than it was in January of 2020, with 1.25 million Michiganders receiving assistance in August, 2021, including 496,000 children.

**Final budget:** The Legislature agreed with the governor, approving a total increase of $1.3 billion in federal funding.

**More than 1.25 million people in Michigan rely on food assistance, including 496,000 children**

![Bar Graph](image)

*Source: Michigan Department of Health and Human Services*

**Heat and Eat:**
The final budget also retains funding for the Heat and Eat program, which provides additional energy assistance payments of $20.01 to certain Food Assistance Program (FAP) recipients, making them potentially eligible for additional FAP benefits funded by the federal government.

**Double Up Food Bucks:**
The governor recommended holding funding for the Double Up Food Bucks program steady at $900,000. The program allows families receiving food assistance to double the value of their benefits spent on fresh produce at participating farmers markets and grocery stores. As a rule, the maximum amount that may be doubled under the program is $20 per day; early in the pandemic, however, the state eliminated this limit.

**Final budget:** The final budget provides $900,000 in ongoing funding and an additional one-time appropriation of $1.1 million, bringing the total for the budget year to $2.0 million. The budget requires the Michigan Department of Agriculture and Rural Development to work with program sponsor, the Fair Food Network, to ensure that at least 80% of the funds are used for direct reimbursement to participating vendors.

**Income assistance:**
The governor’s budget for 2022 did not address the state’s very stringent eligibility policies that exclude large numbers of Michiganders from the Family Independence Program (FIP), a program intended to help families with children who cannot find work to meet their basic needs. To be eligible for FIP, a family of three cannot have monthly income above $815, or $9,780 annually. Total funding for 2022 for FIP is reduced by $48.1 million as the number of families and children receiving assistance continues to decline. Children represent 80% of all recipients of FIP income assistance, and between 2009 and August of 2021, the number of children receiving
FIP assistance fell by 88% from 150,943 to 18,624. The number of families receiving FIP doubled within 3 months of the onset of the COVID-19 pandemic, but is now 32% lower than prior to the pandemic.

**Very few Michigan families with children benefit from the state’s Family Independence Program**

![Graph showing FIP assistance from February 2020 to August 2021](image)

*Source: Michigan Department of Health and Human Services*

**Final budget:** The final budget includes reductions in FIP spending based on expected reductions in the number of families eligible for income assistance. No changes are made to address Michigan's rigid eligibility requirements including a strict 48-month lifetime limit on FIP benefits—a full year less than the federal 60-month limit—and the elimination of the hardship exemption for lifetime limits. The federal government allow states to continue to extend FIP benefits beyond the 60-month limit to 20% of its caseload in areas of high unemployment, but Michigan eliminated that extension in 2011.

**Energy assistance:**
The governor included continuation funding for the Low-Income Home Energy Assistance Program ($175 million), as well as the Michigan Energy Assistance Program ($50 million). Funding for weatherization assistance also received flat funding at $15.5 million. The governor included $5 million for a pilot program that would provide home repair grants to families to help them correct health and safety issues that prevent their participation in home energy efficiency programs.

**Final budget:** The Legislature provided continuation funding for the Low-Income Home Energy Assistance Program, the Michigan Energy Assistance Program and weatherization, and approved the governor’s recommended pilot project.

**Emergency shelter:**
The Legislature included $800,000 in state funds in the final budget for an increase in the per-diem rate for shelter programs for homeless individuals from $18 per night to $19.

**CHILD WELFARE AND JUSTICE**

**Family preservation:**
Taking advantage of new federal flexibility under the Family First Prevention Services Act that allows states to use federal dollars for prevention programs rather than exclusively for children in out-of-home care, the governor recommended $9.2 million for expanded prevention services. Efforts to preserve and strengthen families are critical in overcoming the persistent overrepresentation of children of color in the child welfare system—from the identification of neglect that is often related to poverty, to the removal of children from their parents, homes and communities.
Final budget: The Legislature agreed with the governor and allocated $9.2 million for a foster care prevention program.

**Funding for Raise the Age**
The governor included $29.1 million ($24.2 million in state funds) to cover the first year costs of a new law that raises the age of juvenile court jurisdiction from 17 to 18 years of age, keeping youths out of adult courts. By raising the age of juvenile court jurisdiction, 17-year-old youths can get appropriate rehabilitation and are more likely to succeed in school and the community.

Final budget: The final budget includes the governor's recommendation to provide a total of $29.1 million for the first year phase-in of the policy to expand juvenile court jurisdiction to 18-year-olds.

**2020-21 SUPPLEMENTAL BUDGET**

A current year supplemental was also included in the 2021-22 budget bill. Included in the supplemental are the following:

**COVID-19-Related Health Disparities:**
The final budget provides $31.8 million for enhanced state capacity and strategies to reduce COVID-19-related health disparities, and to improve and increase testing capabilities and contact tracing among underserved and high-risk populations, including people of color and residents of rural communities.

**Homeowner Assistance:**
The final budget includes $121.4 million in dedicated ARPA funds, in the Department of Labor and Economic Opportunity, for homeowner assistance programs, including assistance with mortgage payment or reinstatement of a mortgage related to a period of forbearance, delinquency, or default; utilities including electric, gas, and water; internet service and broadband; homeowner and condominium association fees; and delinquent property taxes.

**Low-income Heating and Energy Assistance:**
The final budget includes $236.0 million in additional funds reserved for LIHEAP under ARPA.

**Assistance for Water and Sewer Bills:**
The final budget includes $36.0 million in dedicated ARPA funds to assist households with low incomes with water and sewer bills.

**Senior Nutrition Services:**
In addition to recognizing increased ongoing federal funds for Senior Community Services and Meals on Wheels in the 2021 and 2022 budgets, the final budget provides $27.7 million in dedicated ARPA funds to meet the nutritional needs of older adults, including congregate care and home-delivered meals.