

DEPARTMENT OF EDUCATION: FY 2011-12
Summary: Conference Report
Senate Bill 174 (CR-1)



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	FY 2010-11	FY 2011-12 Executive	FY 2011-12			Difference: Conference Vs. FY 2010-11	
	Year-to-Date as of 2/17/11		Senate	House	Conference	Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	87,772,100	77,929,200	77,929,200	77,929,200	77,929,200	(9,842,900)	(11.2)
Local	7,199,400	7,159,200	7,159,200	7,159,200	7,159,200	(40,200)	(0.6)
Private	3,124,500	3,044,400	3,044,400	3,044,400	3,044,400	(80,100)	(2.6)
Restricted	6,949,800	7,166,300	7,166,300	7,166,300	7,166,300	216,500	3.1
GF/GP	21,914,100	18,644,200	18,494,200	20,013,900	22,013,900	99,800	0.5
Gross	\$126,959,900	\$113,943,300	\$113,793,300	\$115,313,000	\$117,313,000	(\$9,646,900)	(7.6)
FTEs	562.5	559.0	568.0	559.0	560.0	(2.5)	(0.4)

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations. (3) House Action as Passed the House in HB 4526.

Overview

The State Board of Education is an eight-member elected board constitutionally mandated to provide leadership and supervision for public education in Michigan. The Michigan Department of Education (MDE) is the administrative arm of the Board charged with implementing state and federal educational mandates and administering programs. Major responsibilities of the MDE include developing and overseeing the K-12 school system, certifying teachers, disbursing funds to educational organizations and libraries, and providing technical assistance to school districts and libraries.

Major Budget Changes From FY 2010-11 YTD Appropriations

1. State Aid to Libraries

Executive reduces the Department of Education appropriation for state aid to libraries by \$2.3 million to \$3.4 million. In addition, the \$1.5 million appropriation in the School Aid budget was eliminated under the Executive budget, for a total reduction equal to 52.4% of current state support to libraries.

House concurs with Executive.

Senate reduces the line to \$3.6 million but increases the School Aid appropriation from \$1.5 million to \$3.6 million to maintain full funding.

Conference Committee reduces by \$304,300 for a total appropriation of \$5.4 million.

	FY 2010-11 Year-to-Date (as of 2/17/11)	Conference Change from Year-to-Date
Gross	\$5,750,000	(\$304,300)
GF/GP	\$5,750,000	(\$304,300)

2. Michigan eLibrary (MeL)

Executive provides additional GF/GP support for the MeL due to the potential loss of federal funds that are likely to decrease based on diminishing state maintenance of effort (MOE) levels from recent reductions in state aid to libraries.

House concurs with Executive.

Senate does not include this line.

Conference Committee concurs with the Executive and House.

Gross	\$0	\$950,000
GF/GP	\$0	\$950,000

Major Budget Changes From FY 2010-11 YTD Appropriations

3. 2009 State Education Reform Activities

Executive eliminates three pieces of the recent education reform, which required new activities for the Department. This includes eliminating the School Reform/Redesign Office, which was supposed to identify and propose reforms for the bottom 5% of districts, to save \$1.4 million. It also eliminates the online testing platform to save \$500,000 and eliminates the basic instructional supplies hotline and appeals process to save \$76,000.

House and Senate concur on the elimination of the online testing platform and the basic instructional supplies hotline and appeals process but maintain the funding and FTEs for the School Reform and Redesign Office.

Conference Committee concurs with House and Senate but funds the School Reform/Redesign Office at a total of \$1,254,700, which is \$115,000 less than the House and Senate had appropriated.

	FY 2010-11 Year-to-Date (as of 2/17/11)	Conference Change from Year-to-Date
FTEs	25.0	(1.0)
Gross	\$8,977,800	(\$691,000)
Federal	5,063,700	0
GF/GP	\$3,914,100	(\$691,000)

4. Excess Federal and Private Spending Authorization

Executive decreases spending authorization in several units of the bill to reflect the anticipated availability of funds. This includes \$3,967,800 in Special Education, \$1,500,000 in Professional Preparation, \$346,000 and 3.5 FTEs in School Finance/School Law, and \$198,700 in Early Childhood.

House, Senate and Conference Committee concur with Executive.

FTEs	N/A	(3.5)
Gross	N/A	(\$6,012,500)
Federal	N/A	(5,813,800)
Private	N/A	(198,700)
GF/GP	N/A	\$0

5. Office of Education Assessment and Accountability (OEAA)

Executive removes the one-time federal funds used for the rewrite of the OEAA secure site.

House, Senate and Conference Committee concur with Executive.

Gross	\$9,652,300	(\$5,000,000)
Federal	9,652,300	(5,000,000)
GF/GP	\$0	\$0

6. Recognize Savings from 2010 Early Retirement

Executive recognizes the GF/GP savings throughout the department associated with the early retirement.

House, Senate and Conference Committee concur with Executive.

Gross	N/A	(\$370,900)
GF/GP	N/A	(\$370,900)

7. Michigan Schools for the Deaf and Blind

Executive increases spending authorization for private gifts for blind services in order to allow expenditure of carry forward funds that were not spent in FY 2009-10.

House, Senate and Conference Committee concur with Executive.

Gross	\$90,000	\$110,000
Private	90,000	110,000
GF/GP	\$0	\$0

8. Reorganize School Finance/School Law Unit

Executive reorganizes this unit into three new units and shifts \$106,000 and 1.0 FTE to the existing Grants Administration unit. Creates a net change of 1.0 FTE. The transfers would include the following:

State Aid and School Finance Services: \$854,500 and 7.5 FTEs
 Audit Services: \$481,300 and 3.5 FTEs
 Administrative Law Services: \$1,056,300 and 2.0 FTEs

House, Senate and Conference Committee concur with Executive.

FTEs	16.5	1.0
Gross	\$2,844,100	\$0
Federal	1,335,600	0
Restricted	493,400	0
GF/GP	\$1,015,100	\$0

9. FTE Adjustments

Executive recommends positive FTE adjustments for four units:

Grants Administration: 2.0 FTEs
 Field Services: 3.0 FTEs
 Education Improvement/Innovation: 3.0 FTEs
 Career/Technical Education: 1.0 FTE

FTEs	N/A	0.0
Gross	N/A	\$0
GF/GP	N/A	\$0

House concurs with Executive recommended increases, but offsets them with the following negative FTE adjustments:

Central Support: (2.0) FTEs
 Michigan Schools for Deaf/Blind (6.0) FTEs
 Library of Michigan Operations (1.0) FTE

Senate concurs with the Executive.

Conference Committee concurs with the House.

<u>Major Budget Changes From FY 2010-11 YTD Appropriations</u>		<u>FY 2010-11 Year-to-Date (as of 2/17/11)</u>	<u>Conference Change from Year-to-Date</u>
10. Book Distribution Centers	Gross	N/A	\$0
<u>Executive and House</u> did not include this line item.	GF/GP	N/A	\$0
<u>Senate</u> adds \$50,000 for Book distribution centers.			
<u>Conference Committee</u> concurs with House.			
11. Youth Employment Act	FTEs	N/A	1.0
<u>Revised Executive</u> recognizes the transfer of Youth Employment Act responsibilities from the new Department of Licensing and Regulatory Affairs to the Department of Education.	Gross	N/A	\$115,000
	GF/GP	N/A	\$115,000
12. Economic Adjustments	Gross	N/A	\$1,556,800
<u>Executive</u> includes economic adjustments for retirement, insurances, workers' compensation, and building occupancy charges totaling \$1.6 million for FY 2011-12.	Federal	N/A	902,500
<u>House, Senate and Conference Committee</u> concur with Executive.	Local	N/A	103,200
	Private	N/A	8,600
	Restricted	N/A	141,500
	GF/GP	N/A	\$401,000

Major Boilerplate Changes From FY 2010-11

Sec. 204. Civil Service Fee – RETAINED

Specifies administrative fee charged to each state department for personnel services.
Executive deletes. House, Senate, and Conference Committee maintain current law.

Sec. 205. Internet Reporting – RETAINED

Requires department to use Internet or email to fulfill reporting requirements.
Executive moves to general sections of omnibus bill. House, Senate, and Conference Committee maintain current law.

Sec. 206. State Board of Education Information – RETAINED

Requires the department to forward board agendas and documents to various governmental agencies electronically.
Executive deletes. House, Senate, and Conference Committee maintain current law.

Sec. 207. Department Financial Information – NEW

House adds new section requiring that the department develop, post, and maintain on a user-friendly and publicly accessible internet site, all expenditures and purpose for each expenditure made by the agency within a fiscal year. Senate and Conference Committee concur with the House but revises the language to require that the department maintain a searchable website accessible to the public at no cost which includes expenditures by category, expenditures by appropriation unit, payments to vendors by vendor, date, amount, and description, the number of active employee by job classification, and job specifications and wage rates. Allows the department to develop its own website or reference the state's central transparency website as the source of this information.

Sec. 208. Personnel Records – RETAINED

Directs the department require districts to retain teacher personnel records regarding sexual misconduct.
Executive deletes. House, Senate, and Conference Committee maintain current law.

Sec. 209. Information Technology User Fees – RETAINED

Directs the department to pay user fees to Department of Technology, Management and Budget for technology-related services.
Executive deletes. House, Senate, and Conference Committee maintain current law.

Sec. 210. Information Technology Work Projects – NEW

House adds new section allowing appropriations for information technology work projects to be carried forward into following fiscal year according to the Management and Budget Act. Senate and Conference Committee concur with the House.

Sec. 211. Adequate Yearly Progress (AYP) – RETAINED

Requires that the department allow districts to appeal determinations of failure to meet AYP before it publishes AYP reports.
Executive deletes. House, Senate, and Conference Committee maintain current law.

Sec. 212. Purchase of Foreign Goods – RETAINED

Prohibits the purchase of foreign-made goods if comparable American or Michigan goods are available. Gives preference to Michigan businesses owned or operated by veterans.
Executive deletes. House, Senate, and Conference Committee maintain current law.

Major Boilerplate Changes From FY 2010-11

Sec. 213. Hiring Freeze – DELETED

Establishes a hiring freeze for state civil service with exceptions under certain circumstances.

Executive deletes. House and Senate maintain current law. Conference Committee deletes this section.

Sec. 214. Out-of-State Travel – RETAINED

Limits out-of-state travel for certain circumstances and requires reporting on all out-of-state travel.

Executive deletes. House, Senate, and Conference Committee maintain current law.

Sec. 215. Out-of-State Professional Development – RETAINED

Limits out-of-state travel for professional development conferences or training seminars.

Executive deletes. House, Senate, and Conference Committee maintain current law.

Sec. 216. Communication with the Legislature – RETAINED

Prohibits the department from taking disciplinary action against an employee for communicating with a legislator or his/her staff.

Executive deletes. House, Senate, and Conference Committee maintain current law.

Sec. 217. Economically Distressed Areas – RETAINED

Encourages the department to contract with businesses in economically distressed areas.

Executive deletes. House, Senate, and Conference Committee maintain current law.

Sec. 218. Report Retention – NEW

House adds new language requiring the department to retain all reports funded from appropriations in part 1 according to federal and state guidelines for short-term and long-term retention of records. Senate and Conference Committee concur with the House.

Sec. 220. Providing the Legislature with Timely Data – RETAINED

Requires the department to provide data requested by legislature, staff, and fiscal agencies in a timely manner.

Executive deletes. House, Senate, and Conference Committee maintain current law.

Sec. 221. Hire of Outside Legal Counsel – RETAINED

Prohibits the department from hiring a person to provide legal services that are the responsibility of the Attorney General but exempts legal services for bonding or other activities authorized by the Attorney General.

Executive deletes. House, Senate, and Conference Committee maintain current law.

Sec. 222. Impact of New Legislation and Administrative Rules – DELETED

Requires a report on specific policy changes adopted to implement new public acts. Prohibits the department from adopting administrative rules that have a disproportionate impact on small business.

Executive deletes. House concurs. Senate maintains current law. Conference Committee concurs with House.

Sec. 225. Pupil Membership Fraud – RETAINED

Requires the State Superintendent of Public Instruction to investigate and report on issues of pupil membership fraud, and report on the scope of and proposed solutions to the problem. Executive deletes. House, Senate, and Conference Committee maintain current law.

Sec. 226. Lapse Report – RETAINED

Requires the department to report projected year-end GF/GP lapse amount for a given year by Oct. 15 of the next fiscal year.

Executive deletes. House, Senate, and Conference Committee maintain current law.

Sec. 227. Report on Restricted Fund Balances, Revenues and Expenditures – NEW

Conference Committee adds new language requiring that within 14 days of the release of the executive budget recommendation that the department provide the state budget director, the appropriations chairs, appropriations subcommittees, and fiscal agencies with an annual report on estimated state restricted fund balances, state restricted fund projected revenues, and state restricted fund expenditures for the fiscal years ending September 30, 2011 and September 30, 2012.

Sec. 229. State Education Reforms – NEW

Senate adds new language requiring Department to comply with State Education Reforms with funds appropriated in part 1. House does not include this section. Conference Committee concurs with Senate.

Sec. 230. ISD Consolidation of Non-instructional Services – NOT INCLUDED

Senate adds new language requiring the department to study and report on potential savings if ISDs consolidate non-instructional services for constituent districts. House does not include this section. Conference Committee concurs with House.

Sec. 231. Department Consolidation of Non-instructional Services – NOT INCLUDED

Senate adds new language requiring the department to study and report on potential savings if the department consolidates non-instructional services for districts and ISDs. House does not include this section. Conference Committee concurs with House.

Sec. 232. Statewide Health Savings Accounts – NOT INCLUDED

Senate adds new language requiring the department to study and report on potential savings if all school district employees were included in health savings accounts. House does not include this section. Conference Committee concurs with House.

Major Boilerplate Changes From FY 2010-11

Sec. 301. State Board of Education Expenses – REVISED

Authorizes the department to make per diem payments to State Board of Education members and report quarterly on expenses. Executive eliminates the reporting requirement. House concurs. Senate maintains current law. Conference Committee concurs with House.

Sec. 401. Michigan Schools for the Deaf and Blind Employees – DELETED

Stipulates that employees who work on a school year basis shall be considered annual employees for purposes of service credits, retirement, and insurance benefits. Executive deletes. House concurs. Senate maintains current law. Conference Committee concurs with House.

Sec. 405. Federal Medicaid Program – RETAINED

Allows the department to assist other departments and school districts to secure reimbursement for eligible services provided in Michigan schools from the federal Medicaid program.

Executive deletes. House, Senate, and Conference Committee maintain current law.

Sec. 501. Felony Conviction Files – RETAINED

Requires that the department maintain professional personnel registry and certificate revocation/felony conviction files.

Executive deletes. House, Senate, Conference Committee maintain current law.

Sec. 601. Administration of the Charter School Office – RETAINED

Earmarks funds to operate the charter school office.

Executive deletes. House concurs. Senate maintains current law. Conference Committee concurs with Senate.

Sec. 701. Collaboration with Center for Education Performance and Information (CEPI) – RETAINED

Directs the department to work collaboratively with CEPI to support data collection.

Executive deletes. House concurs. Senate maintains current law. Conference Committee concurs with Senate.

Sec. 803. Keep Library Functions Together – RETAINED

Provides intent that the State maintain the Library of Michigan and its component programs together in a state department.

Executive deletes. House, Senate, and Conference Committee maintain current law.

Sec. 804. Library Collections – RETAINED

Requires that the department and the Library of Michigan maintain custody of the non-Michigan genealogy and all Michigan-specific collections and continue to make these collections available to the public.

Executive deletes. House, Senate, and Conference Committee maintain current law.

Sec. 805. Book Distribution Centers – NOT INCLUDED

Senate adds new Sec. 805 directing funds appropriated in part 1 to book distribution centers to Michigan Friends of Education.

House does not include this section. Conference Committee concurs with House.

Sec. 805. Library Minimum Hours Waivers – NOT INCLUDED

House adds new Sec. 805 requiring the department to grant waivers to any library requesting a waiver for the minimum hours of operation required under the state aid to public libraries minimum standards. Senate does not include this section. Conference Committee concurs with Senate.

Sec. 901. Federal and Private Grants – RETAINED

Requires that the department notify House and Senate Appropriations subcommittee chairs within ten days of receipt of a grant appropriated in the federal and private grants line item including funding source, purpose, and amount of grant.

Executive deletes. House, Senate, and Conference Committee maintain current law.

Sec. 903. Cyber Schools – RETAINED

Directs the department to work with districts that operate a cyber school or alternative education program with a seat-time waiver to provide a report by March 1, detailing enrollments resident districts, per pupil operating costs, and online education providers.

Executive deletes. House, Senate, Conference Committee maintain current law.

Sec. 904. Federal Education Jobs – DELETED

Designated a portion of Federal Education Jobs funds for administration of the funds distributed to districts in School Aid budget.

Executive deletes. House, Senate, and Conference Committee concur.

Sec. 1201. FY 2012-13 Appropriations – NEW

Senate adds language of intent that FY 2012-13 appropriations will be at the same level as appropriated in FY 2011-12 with adjustments for caseload adjustments, economics, and available revenue. House does not include this section. Conference Committee concurs with Senate.