

FY 2014-15: DEPARTMENT OF EDUCATION
Summary: As Passed by the Senate
Senate Bill 765 (S-1) as Amended



Analyst: Karen Shapiro

IDG/IDT	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: Senate From FY 2013-14 YTD	
						Amount	%
	\$0	\$0	\$0	\$0		\$0	--
Federal	211,873,000	226,097,500	224,097,500	226,097,500		14,224,500	6.7
Local	5,633,700	5,633,700	5,633,700	5,633,700		0	0
Private	1,933,300	1,933,300	1,933,300	1,933,300		0	0
Restricted	8,032,100	7,972,600	7,972,600	7,972,600		(59,500)	(0.7)
GF/GP	70,893,900	84,939,000	81,847,200	85,025,000		14,131,100	19.9
Gross	\$298,366,000	\$326,576,100	\$321,484,300	\$326,662,100		\$28,296,100	9.5%
FTEs	593.5	627.5	598.5	606.5		13.0	2.2

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

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, providing technical assistance to school districts and libraries, and providing early education and child day care support for low-income and other qualifying families.

NOTE: Information on House budget action in this document is based on House Bill 5313 as reported by the House Appropriations Committee.

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Senate Change
1. Child Development and Care (CDC) – Hours Increase	Gross	\$136,344,000	\$6,900,000
<u>Executive</u> includes a \$6.9 million increase for the Child Development and Care (CDC) program to increase the maximum allowable reimbursable hours for subsidized child care from 80 hours to 90 hours in a two-week period. This is full year funding for FY 2014-15, subsequent to a FY 2013-14 supplemental increase of \$3.5 million in partial year funding for the same purpose.	Federal	97,355,200	6,900,000
<u>House</u> concurs with Executive. <u>Senate</u> concurs with Executive.	GF/GP	\$38,988,800	\$0
2. Child Development and Care (CDC) – Tiered Reimbursement	Gross	\$136,344,000	\$3,672,000
<u>Executive</u> includes \$3.7 million to reimburse high quality childcare providers at higher hourly rates per a tiered reimbursement system, as defined by the Great Start to Quality provider rating system. This is full year funding for FY 2014-15, subsequent to a FY 2013-14 supplemental increase of \$1.8 million in partial year funding for the same purpose.	Federal	97,355,200	3,672,000
<u>House</u> concurs with Executive. <u>Senate</u> concurs with Executive.	GF/GP	\$38,988,800	\$0

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 Senate Change
3. Educator Evaluations and Student Assessments			
<u>Executive</u> provides \$5.0 million of ongoing funds for the phase-in of educator evaluations and new student assessments. This includes 21.0 FTEs. Funding is split between the following units: Accountability Services (\$4.1 million), Professional Preparation Services (\$167,000), and Educational Improvement and Innovation Services (\$738,200). There is an additional \$900,000 one-time GF/GP to implement educator evaluations for teachers and administrators throughout the state. Funding at MDE will be used for staffing, compliance monitoring, and information technology systems modifications. Additionally, there is a \$2.0 million transfer of federal assessment funding from the School Aid Budget.	FTE	N/A	0.0
	Gross	N/A	\$0
	Federal	N/A	0
	GF/GP	N/A	\$0
<u>House</u> eliminates FTEs and funding for Educator Evaluations and Assessments proposed in the Executive budget, leaving \$100 in the Accountability Services unit as a placeholder.			
<u>Senate</u> eliminates all FTEs and funding.			
4. Professional Preparation Services – Teacher Certification Tests			
<u>Executive</u> does not include.	Gross	N/A	\$0
	GF/GP	N/A	\$0
<u>House</u> provides \$3.6 million GF/GP to update the full set of teacher certification tests, including content-specific and subject-relevant tests, to reflect current education standards.			
<u>Senate</u> does not include.			
5. Financial Independence Team (FIT)			
<u>Executive</u> includes \$778,100 GF/GP and 4.0 FTEs, to be utilized in conjunction with \$6.5 million and 9.0 FTEs in the Department of Treasury, to create a new financial independence team tasked with implementing early warning systems for distressed schools in need of financial attention.	FTE	N/A	4.0
	Gross	N/A	\$778,100
	GF/GP	N/A	\$778,100
<u>House</u> eliminates FTEs and funding for FIT, leaving \$100 as a placeholder within each of the two units the program is housed.			
<u>Senate</u> concurs with Executive.			
6. Low Achieving Schools – School Reform			
<u>Executive</u> provides \$918,600 GF/GP for resources to help the lowest achieving schools to improve their academic programs and performance. This addition in school reform efforts includes 6.0 FTEs. Funding is split between the School Reform unit (\$306,200) and the Educational Improvement and Innovation Services unit (\$612,400)	FTE	N/A	6.0
	Gross	N/A	\$918,600
	GF/GP	N/A	\$918,600
<u>House</u> cuts funding and FTEs by 2/3 to total \$306,200 GF/GP and 2.0 FTEs.			
<u>Senate</u> concurs with Executive.			
7. Office of Great Start			
<u>Executive</u> increases the Office of Great Start Operations line by 3.0 FTEs and \$404,000 GF/GP to provide additional administrative support for the Great Start Readiness Program, which under the Executive proposal in the School Aid budget would increase by another \$65.0 million, more than doubling the program since FY 2012-13.	FTE	61.0	3.0
	Gross	\$22,192,900	\$404,000
	Federal	20,732,300	0
	Private	250,000	0
	Restricted	63,500	0
	GF/GP	\$1,147,100	\$404,000
<u>House</u> concurs with Executive.			
<u>Senate</u> concurs with Executive.			
8. State Aid to Libraries			
<u>Executive</u> – no change	Gross	\$8,876,000	\$356,000
	GF/GP	\$8,876,000	\$356,000
<u>House</u> increases State Aid to Libraries by \$612,400.			
<u>Senate</u> increases State Aid to Libraries by \$356,000.			
9. Library Funding – Renaissance Zone Reimbursements			
<u>Executive</u> transfers \$3.2 million in Renaissance Zone Reimbursements from the School Aid budget, which when combined with existing MDE funds totals \$4.7 million for FY 2014-15.	Gross	\$1,500,000	\$3,200,000
	GF/GP	\$1,500,000	\$3,200,000
<u>House</u> concurs with Executive.			
<u>Senate</u> concurs with Executive.			

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>	<u>FY 2013-14 Year-to-Date (as of 2/5/14)</u>	<u>FY 2014-15 Senate Change</u>
10. Library Funding – MPSERS Payments	Gross	N/A
<u>Executive</u> transfers \$1.3 million state share for MPSERS payments to Libraries from the School Aid budget. Also provides \$900,000 for the required increase in the state share for MPSERS payments and \$356,000 GF/GP to cover the proposed employer unfunded liability rate cap reduction to 19.76%. <u>House</u> concurs with Executive. <u>Senate</u> concurs with \$1.3 million transfer from School Aid and \$900,000 GF/GP for increased actuarial assessments, but does not include the GF/GP increase of \$356,000 to lower the MPSERS rate.	GF/GP	N/A
		\$2,200,000
		\$2,200,000
11. Economic Adjustments	Gross	N/A
<u>Executive</u> reflects increased costs of \$1.9 million Gross (\$274,400 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions. <u>House</u> concurs with Executive. <u>Senate</u> concurs with Executive.	Federal	N/A
	Restricted	N/A
	GF/GP	N/A
		\$1,867,400
		1,472,500
		120,500
		\$274,400
<u>Major Boilerplate Changes From FY 2013-14</u>		
Sec. 208. Personnel Records – RETAINED		
Directs that MDE require districts to retain teacher personnel records regarding sexual misconduct. <u>Executive</u> deletes. <u>House</u> maintains current law. <u>Senate</u> maintains current law.		
Sec. 211. Adequate Yearly Progress (AYP) – RETAINED		
Requires that MDE allow districts to appeal a determination of failure to meet AYP prior to MDE reporting those results. <u>Executive</u> deletes. <u>House</u> maintains current law. <u>Senate</u> maintains current law.		
Sec. 216. Communication with the Legislature – RETAINED		
Prohibits MDE from taking disciplinary action against an employee for communicating truthfully and factually with a legislator or his/her Staff. <u>Executive</u> deletes. <u>House</u> maintains current law. <u>Senate</u> maintains current law.		
Sec. 218. Records Retention – RETAINED		
Requires MDE to retain all reports funded from appropriations according to federal and state guidelines for short-term and long-term retention of records. <u>Executive</u> deletes. <u>House</u> maintains current law.		
Sec. 220. Timely Data – RETAINED		
Requires MDE to provide data requested by legislature, staff, and fiscal agencies in a timely manner; subjects the State Board/Superintendent Operations line item to a penalty of 1% of state funds if reasonably requested data is not received within 30 days or if reports required by boilerplate or statute are not submitted within 30 after it is due. <u>Executive</u> deletes. <u>House</u> maintains current law. <u>Senate</u> maintains current law.		
Sec. 231. Common Core Standards and Smarter Balanced Assessments – DELETED		
Prohibits expenditures of funds on common core standards and smarter balanced assessments unless authorized by an affirmative action of the Legislature. <u>Executive</u> deletes. <u>House</u> concurs with Executive. <u>Senate</u> concurs with Executive.		

Major Boilerplate Changes From FY 2013-14

Sec. 231. Legacy Costs – NEW

Identifies total appropriations in part 1 for legacy costs for FY 2014-15 equal to \$15,367,500. Pension-related costs are estimated at \$8,739,900. Retiree health care costs are estimated at \$6,897,600.

Executive adds this section.

House concurs with Executive.

Senate concurs with Executive.

Sec. 232. Subrecipient Monitoring Services – DELETED

In addition to funds appropriated in part 1, appropriates up to \$180,000 from payments for subrecipient monitoring expenses provided to other departments.

Executive deletes.

House concurs with Executive.

Senate concurs with Executive.

Sec. 233. Requests for Proposals – RETAINED

Prohibits department from issuing a request for proposal for a contract exceeding \$5.0 million unless it first considers issuing a request for information or request for qualification.

Executive deletes.

House maintains current law.

Senate maintains current law.

Sec. 234. Mandate Report – NEW

Directs the Department to compile a report that identifies the mandates required of the public and nonpublic schools by April 15, 2015.

Executive does not include.

House does not include.

Senate creates section.

Sec. 302. Travel Expenditures – REVISED

Prohibits spending over \$35,000 for in-state and out-of-state travel for Board of Education members.

Executive deletes.

House maintains current law but updates dollar amount annually using CPI inflation rates.

Senate maintains current law.

Sec. 401. Michigan School for the Deaf and Blind Employees – NEW

States that employees at the Michigan School for the Deaf and Blind who work on a school-year basis be considered annual employees for the purposes of service credits, retirement, and insurance benefits.

Executive adds this section.

House concurs with Executive.

Senate concurs with Executive.

Sec. 507. Teacher Certification Tests – NEW

Uses funds from Part 1 for the department to update the full set of teacher certification tests including content-specific and subject relevant tests to reflect current education standards by September 30, 2015.

Executive does not include.

House creates section.

Senate does not include.

Sec. 701. Office of Educational Improvement and Innovation – NEW

Requires the Department to maintain and promote a statewide catalog of virtual learning with best practices, professional development, barrier identification, and a consumer awareness report. This will be maintained on the department's website, each district's web page, and is reported to the legislature.

Executive does not include.

House does not include.

Senate adds this section.

Sec. 803. Keep Library Functions Together – RETAINED

Provides intent that the State maintain the Library of Michigan and its component programs, except for the genealogy collections, together in a state department.

Executive deletes.

House maintains current law.

Senate maintains current law.

Major Boilerplate Changes From FY 2013-14

Sec. 805. MPSERS Funds for District Libraries – NEW/REVISED

States that Part 1 funds for MPSERS costs shall be used for payments to participating district libraries. Describes how payments are to be calculated for, and allocated to, district libraries. Participating entities that receive funds under this section are required to forward the designated amount to the retirement system in a form, manner and timeframe determined by the retirement system. Executive adds this section.

House concurs with Executive.

Senate concurs to fund MPSERS for payments to district libraries, but modifies to the 20.96% rate.

Sec. 901. Federal and Private Grants – RETAINED

Requires department to notify the Legislature within 10 days of receiving a federal or private grant appropriated in part 1 under the federal and private grants line.

Executive deletes.

House maintains current law.

Senate maintains current law.

Sec. 1001. Number of Childcare Providers – REVISED

Requires a report by November 1, 2013 on the number of childcare providers (by type) receiving payment for childcare services on October 1, 2013.

Executive deletes.

House maintains current law and revises dates.

Senate maintains current law with technical adjustments.

Sec. 1003. Early Childhood Systems Planning RFP Process – RETAINED

States that all new and expiring department contracts for early childhood comprehensive systems planning shall be bid out through a statewide RFP process.

Executive adds this section.

House maintains current law.

Senate maintains current law.

Sec. 1003. Early Childhood Investment Corporation Annual Report – RETAINED

Requires the department to submit an annual report on all funding appropriated to the Early Childhood Investment Corporation (ECIC) for FY 2012-13 by February 15. Report must detail the amounts of grants awarded, grant recipients, the activities funded by each grant, and an analysis of the work of each grantee. Also requires contracts for early childhood comprehensive systems planning to be bid through a statewide RFP process.

Executive deletes.

House maintains current law and revises dates.

Senate maintains current law.

Sec. 1004. Head Start Programs - RETAINED

Requires Head Start providers to ensure that regulations related to Head Start programs be at least as rigorous as those for Great Start Readiness Programs by FY 2014-15. Allows for lead teachers to continue as Head Start lead teachers if they meet requirements for continuing education and have on file a planned program leading to proper certification.

Executive deletes.

House concurs with Executive.

Senate maintains current law.

Sec. 1101. School Reform Office – NEW

Executive does not include.

House does not include.

Senate creates this section. Ensures that students who are in an Individualized Education Program remain in that program, even if the school is separated from the residential district.

Sec. 1201. FY 2014-15 Appropriation – REVISED

Expresses intent that the FY 2014-15 appropriations are anticipated to be the same as FY 2013-14 appropriations, except for adjustments for changes in caseloads, federal match rates, economic factors, and available revenue.

Executive deletes.

House maintains current law and revises dates.

Senate maintains current law with technical adjustments.

Sec. 1202. Retirement Costs – REVISED

Expresses intent that for FY 2014-15, the department identify the amount of normal and legacy retirement costs in part 1.

Executive deletes. Becomes new **Sec. 231** with amended language.

House concurs with Executive.

Senate maintains current law with technical modifications.