

FY 2018-19: DEPARTMENT OF EDUCATION
Summary: Conference Report
Senate Bill 853 (S-1) CR-1*



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IDG/IDT	FY 2017-18 YTD as of 2/7/18	FY 2018-19 Executive	FY 2018-19 House	FY 2018-19 Senate	FY 2018-19 Conference	Difference: Conference From FY 2017-18 YTD	
						Amount	%
	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	254,084,700	255,366,800	255,366,800	330,816,800	298,074,500	43,989,800	17.3
Local	5,817,200	5,852,800	5,852,800	5,852,800	5,852,800	35,600	0.6
Private	2,034,300	2,035,800	2,035,800	2,035,800	2,035,800	1,500	0.1
Restricted	8,567,600	8,668,200	8,668,200	8,668,200	8,668,200	100,600	1.2
GF/GP	81,677,400	85,183,700	85,183,700	85,183,800	86,183,700	4,506,300	5.5
Gross	\$352,181,200	\$357,107,300	\$357,107,300	\$432,557,400	400,815,000	\$48,633,800	13.8
FTEs	609.5	620.5	620.5	620.5	620.5	11.0	1.8

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) Information on House budget action in this document is based on House Bill 5578 as passed by the House.

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 care support for low-income and other qualifying families.

Major Budget Changes From FY 2017-18 YTD Appropriations

1. Child Development and Care (CDC) Biweekly Block Reimbursement Rate Schedule

Executive and House do not include.

Senate adds \$36.5 million federal funds to implement a biweekly reimbursement system. Implementation of the funds are contingent on MDE receiving additional federal childcare and development block grant (CCDBG) funds from the federal Office of Child Care.

Conference adds \$15.0 million federal funds to implement, by December 1, 2018, a biweekly block reimbursement rate schedule for child care centers, group homes and registered family homes, with the reimbursement blocks as follows: 0-30 hours paid hourly; 31-60 hours paid at 60 hours; 61-80 hours paid at 80 hours; and 81-90 hours paid at 90 hours. License exempt providers would receive their current hourly reimbursement rate. Before the funds can be expended, MDE must provide a detailed spending report. (see major boilerplate changes for Sec. 1011 below.)

	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 Conference Change
Gross	\$162,396,100	\$15,000,000
Federal	122,966,400	\$15,000,000
GF/GP	\$39,429,700	\$0

2. CDC Increase to Eligibility Entrance Threshold

Executive and House do not include.

Senate adds \$25.8 million federal funds to increase the eligibility entrance threshold from 130% of the federal poverty guidelines to 150% of the federal poverty guidelines. Implementation of the funds are contingent on MDE receiving additional federal childcare and development block grant (CCDBG) funds from the federal Office of Child Care. (see major boilerplate changes for Sec. 1009 below.)

Conference does not include.

Gross	\$162,396,100	\$0
Federal	122,966,400	\$0
GF/GP	\$39,429,700	\$0

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 Conference Change
3. CDC Provider Reimbursement Rate Increase	Gross	\$162,396,100	\$0
<u>Executive and House</u> do not include.	Federal	122,966,400	\$0
<u>Senate</u> adds \$10.7 million federal funds to increase CDC program's hourly reimbursement rates for empty and one-star rated programs by \$0.50 and two-star programs by \$0.25 and to increase hourly reimbursement rates for Tier 1 unlicensed programs by \$0.50. (see <i>major boilerplate changes</i> for Sec. 1002 below.)	GF/GP	\$39,429,700	\$0
<u>Conference</u> does not include.			
4. Teacher Education Assistance for College and Higher Education (TEACH) Scholarship Fund Increase and Line Item Shift	Gross	\$2,500,000	\$2,500,000
<u>Executive</u> does not include.	Federal	2,500,000	2,500,000
<u>House</u> does not include.	GF/GP	\$0	\$0
<u>Senate</u> adds \$2.5 million federal for a total of \$5.0 million federal for the TEACH Scholarship. The Senate also shifts the TEACH scholarship program from the Office of Great Start Operations to its own line item. The TEACH scholarship program provides credit-based educational opportunities (associate's degrees, bachelor's degrees, and other related certificates and credentials) for child care providers in Michigan. (see <i>major boilerplate changes</i> for Sec. 1004 below.)			
<u>Conference</u> concurs with Senate.			
5. Child Development and Care Contractual Services	Gross	NA	\$11,500,000
<u>Executive and House</u> do not include.	Federal	NA	11,500,000
<u>Senate</u> shifts \$11.5 million federal from the Office of Great Start Operations line item to a new line item "Early Childhood Investment Corporation" (ECIC) within the Office of Great Start Unit. Currently, for FY 2017-18, the contracted amount provided to the ECIC is \$9.7 million; however, ECIC has requested \$10.8 million in FY 2018-19. Therefore, shifting \$11.5 million federal to the ECIC line item may not leave enough appropriations for the current Office of Great Start Operations line item. The ECIC, under contract with MDE, administers child care quality initiatives related to the Great Start program and the MI CDC program's Great Start to Quality program and Tiered Quality Rating Improvement System and administers funds to regional centers.	GF/GP	NA	\$0
<u>Conference</u> revises Senate proposal to revise the line item name from Early Childhood Investment Corporation to Child Development and Care Contractual Services and additionally shifts \$1.4 million for contractual services for license exempt monitoring from the Office of Great Start Operations to this new line item. The new line item funds CDC related contractual services rather than rolling contracts into the operations line.			
6. CDC – FY 2018-19 Caseload Consensus	Gross	\$162,396,100	\$24,603,900
<u>Conference</u> increases gross appropriation by \$24.6 million federal to align with consensus caseload estimates and consensus cost per case estimates.	Federal	122,966,400	24,603,900
	GF/GP	\$39,429,700	\$0
7. School Reform Office to MDE: Partnership District Support Operations	FTE	4.0	9.0
<u>Executive</u> adds \$2.9 million GF/GP and 9.0 FTEs to Partnership District Support Operations for the transfer of the School Reform Office (SRO) from DTMB to MDE (Executive Order 2017-5). Operational support will be responsible for supporting existing partnership districts as partnership liaisons, as well as data analysis, financial management, and office management for school reform efforts.	Gross	\$641,800	\$2,853,400
<u>House</u> concurs with Executive.	GF/GP	\$641,800	\$2,853,400
<u>Senate</u> concurs with Executive to provide 9.0 FTEs but reduces the increase to \$1.9 million.			
<u>Conference</u> concurs with Executive and House.			

		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 Conference Change
Major Budget Changes From FY 2017-18 YTD Appropriations			
8. School Reform Office to MDE: State Board/Superintendent Operations			
	FTE	11.0	2.0
	Gross	\$2,104,200	\$497,600
<u>Executive</u> adds \$497,600 GF/GP and 2.0 FTEs to State Board/Superintendent Operations for the transfer of the School Reform Office (SRO) from DTMB to MDE (Executive Order 2017-5). Operational support staff would work with the superintendent to identify, partner with, and hold districts accountable for meeting goals outlined in partnership agreements. <u>House, Senate, and Conference</u> concur with Executive.	Federal	156,600	0
	Private	28,100	0
	Restricted	654,400	0
	GF/GP	\$1,265,100	\$497,600
9. State Aid to Libraries			
	Gross	\$11,067,700	\$1,000,000
<u>Executive</u> maintains current year appropriation.	GF/GP	\$11,067,700	\$1,000,000
<u>House</u> maintains current year appropriation.			
<u>Senate</u> increases state aid to libraries by \$1.0 million GF/GP to a total of \$12.1 million.			
<u>Conference</u> concurs with Senate.			
10. Early Literacy Implementation			
	Gross	\$15,571,200	\$1,000,000
<u>Executive</u> provides \$1.0 million GF/GP to School Support Services Operations for continuing implementation of literacy initiatives funded in Section 35a of the School Aid Act. Previously, these funds were located in Section 35 of the School Aid Act. <u>House, Senate, and Conference</u> concur with Executive.	Federal	14,522,300	0
	Local	11,700	0
	Restricted	159,300	0
	GF/GP	\$877,900	\$1,000,000
11. Project UNIFY			
	Gross	\$15,571,200	\$500,000
<u>Executive</u> provides \$500,000 GF/GP to School Support Services Operations for Project UNIFY, now known as Special Olympics Unified Champion Schools. MDE oversees the program and has been reimbursed by DHHS since 2015, but would now be directly funded. The program brings together students with and without disabilities through education, sports, and leadership enrichment activities in their communities. <u>House, Senate, and Conference</u> concur with Executive.	Federal	14,522,300	0
	Local	11,700	0
	Restricted	159,300	0
	GF/GP	\$877,900	\$500,000
12. Braille Textbook Production Expansion			
	Gross	\$450,000	\$300,000
<u>Executive</u> increases by \$300,000 in restricted funds in the Michigan Schools for the Deaf and Blind unit's Low Incidence Outreach program to a total of \$750,000. The increased appropriation allows for increased production and sale of specialized braille books, and additional fund revenue provides free books, services, supports, and training for students, teachers, parents, and other related personnel. <u>House, Senate, and Conference</u> concur with Executive.	Restricted	450,000	300,000
	GF/GP	\$0	\$0
13. Division of Adolescent and School Health (DASH)			
	Gross	\$0	\$100
<u>Executive and House</u> do not include.	GF/GP	\$0	\$100
<u>Senate</u> adds a \$100 GF/GP placeholder to replace a reduction in federal funds for a \$320,000 grant, for which state agencies will no longer be able to apply, associated with DASH to provide a full-time consultant, clerical support, and programming to support school districts in Michigan in human immunodeficiency virus/Sexually Transmitted Infection (HIV/STI) prevention and sex education. <u>Conference</u> concurs with Senate to keep the \$100 placeholder but shifts to a new line item entitled "Adolescent and School Health" in the School Support Services unit.			
14. Renaissance Zones Adjustment			
	Gross	\$3,300,000	(\$800,000)
<u>Executive</u> reduces funding for Renaissance Zone reimbursements to libraries by \$800,000 GF/GP. Estimated reimbursement payments required by statute have decreased due to recent Personal Property Tax reform. <u>House, Senate, and Conference</u> concur with Executive.	GF/GP	\$3,300,000	(\$800,000)

Major Budget Changes From FY 2017-18 YTD Appropriations	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 Conference Change	
15. Economic Adjustments	Gross	NA	\$1,506,300
<u>Executive</u> includes economic adjustments that reflect increased costs of \$1.5 million Gross (\$455,300 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Federal	NA	901,400
	Local	NA	47,300
	Private	NA	1,500
	Restricted	NA	100,800
	GF/GP	NA	\$455,300
<u>House, Senate, and Conference</u> concur with Executive.			

Major Boilerplate Changes From FY 2017-18

Executive DELETED but House, Senate, and Conference RETAINED:

- Communication with the Legislature (Sec. 222)
- Records Retention (Sec. 223)
- Timely Data (Sec. 227)
- Contract Notification (Sec. 229)
- Nonpublic School Mandates (Sec. 230)
- Travel Expenditures (Sec. 302)
- Federal and Private Grants (Sec. 325)
- Keep Library Functions Together (Sec. 803)

Sec. 225. Grant Application Penalty – REVISED

Requires that MDE send districts a list of grants available in the School Aid Budget by October 1, 2017, and open the grant application process by December 1, 2017. Reduces state funding for state board/superintendent operations by 1% if the MDE fails to comply.

Executive revises that only “known” grants in the School Aid grant application process must be open by December 1, 2018 to reflect the possibility that certain grants, especially federal grants that are available for FY 2018-19, will not be either open or available for review by the deadline. House revises the set of requirements for the state grant award process and would reduce state money appropriated for unclassified positions, state board/superintendent operations, school support services operations, and field services operations by 5% if the following requirements are not met for FY 2018-19: not later than August 1, 2018 MDE open the grant application process and send districts and post on its publicly accessible website the grant application and award process schedule and the list of the state grants available; on October 1, 2018 close the grant application process and begin the award process for state grants; and not later than November 1, 2018 distribute grant awards. Senate revises from current law to add an additional subsection (c), which requires MDE to award all grants not later than December 1, 2018. Conference revises to require MDE to comply with a set of requirements situated in section 17c of the state school aid act of 1979, 1979 PA 94, MCL 388.1617c. The requirements are as follows: In August, information for grants must be placed on the state board agenda; not later than September 1, open the grant application, provide districts and eligible entities and post on its website the grant application and award process schedule and the list of state grants and contracts available; and not later than December 1, publish grant awards. Concurs with the House grant penalty but revises from 5% to 2.5%.

Sec. 231. Child Protection Law Reporting – NEW

Executive and House do not include this section. Senate adds a new section that requires MDE to submit task force recommendations for reducing child sexual abuse to school districts, intermediate school districts (ISDs), and public school academies (PSAs) as required by the Child Protection Law 2012 PA 593, MCL 722.632b. Additionally requires MDE to collect information from all school districts, ISDs, and PSAs that have adopted policies specified by section 12b of the Child Protection Law and create and submit a report to house and senate appropriations committees, house and senate fiscal agencies, and the state budget director that includes a list of each school district, ISD, and PSA that adopted each policy specified by section 12b of the Child Protection Law. Conference concurs with Senate but makes a technical revision to the intended MCL reference as follows: revises from “2012 PA 593, MCL 722.632b” to “12b of the child protection law, 1975 PA 238, MCL 722.632b.”

Sec. 232. In-Demand Occupations Report – NEW

Executive and House do not include this section. Senate adds a new section that requires MDE to distribute, through electronic or paper form, the most recent regional in-demand occupations report issued by the Department of Technology, Management, and Budget (DTMB) to all high school students in each school district, ISD, or PSA. Conference concurs with Senate but revises to provide the report to all high schools, rather than students, in each school district, ISD, or PSA.

Major Boilerplate Changes From FY 2017-18

Sec. 233. Teacher Recruitment Program – NEW

Executive and House did not include this section. Senate adds a new section that creates a teacher recruitment program that will provide resources and programming to high school students who are interested in teaching and who are members of underrepresented groups in the teaching profession. Requires MDE to do the following: create a process for nomination and admission of pupils to the program; advertise the program; invite postsecondary institutions in MI that operate teacher preparation programs to participate in the training program; connect pupils in the program with representatives of teacher preparation programs in MI; at least once, conduct conferences for pupils in the program in locations that are geographically convenient; and provide research and resources to pupils in the program and postsecondary institutions on successful activities and programs. Conference concurs with Senate.

Sec. 234. Administrative Rules – NEW

Executive, House, and Senate did not include this section. Conference adds a new section to prevent MDE from developing, staffing, or promoting activities for the promulgation of new, revised, or rescinded administrative rules until a permanent state superintendent of public instruction is appointed by the state board of education. However, if an administrative rules change request for rule-making was submitted to the office of regulatory affairs before the effective date of this act, MDE may proceed with the administrative rules change.

Sec. 350. Special Education Reform Task Force Guidelines – REVISED

Requires the Office of Special Education to address the Special Education Reform Task Force Guidelines to design and distribute to all parents parent-friendly information for all Individualized Education Plans (IEPs), as well as train mediators knowledgeable about the dispute resolution system and state and federal mandates pertaining to the rights and protections of students with disabilities.

Executive revises to indicate the cost, \$100,000 from Special Education Operations, for the design and distribution to all parents and legal guardians of a student with a disability information for all Individualized Education Plans (IEPs). Deletes the requirement to train mediators knowledgeable about the dispute resolution system and state and federal mandates pertaining to the rights and protections of students with disabilities. House concurs with Executive. Senate revises to add that in addition to parents, legal guardians must receive information about federal and state mandates regarding the rights and protections of students with disabilities. Conference concurs with Executive and House.

Sec. 407. Gifts, Bequests, and Donations – REVISED

States that revenue from gifts, bequests, and donations that is unexpended at end of fiscal year may be carried over to next fiscal year and not revert to general fund.

Executive revises to remove local district service fees from the list of state revenue sources that if unexpended at the end of the fiscal year may be carried over to the next fiscal year and not revert to general fund because it is a fund source that is no longer collected and appropriated. House, Senate, and Conference concur with Executive.

Sec. 409. Due Process Hearings – NEW

Executive and House did not include this section. Senate creates a new section that when conducting a due process hearing related to a child's individualized education program (IEP) educational placement, a state administrative judge shall consider the Michigan Schools for the Deaf and Blind the least restrictive environment under federal law for the parent's child who is deaf, deafblind, or hard of hearing. Conference concurs with Executive and House.

Sec. 601. Early Literacy Implementation – NEW

Executive creates a new section to direct the early literacy implementation funding to costs associated with programs for early childhood literacy funded in Section 35a of the State School Aid Act. See *major budget changes for Early Literacy Implementation*. House, Senate, and Conference concur with Executive.

Sec. 602. Division of Adolescent and Social Health (DASH) HIV/STI Prevention – NEW

Executive and House did not include this section. Senate creates a new section to direct newly appropriated GF/GP funds in part 1 toward replacing a federal DASH HIV/STI prevention grant funding that was funded in the section 39a(2)(a) of the State School Aid Act but carried out by MDE. Conference concurs with Senate but revises to indicate the exact line item, "adolescent and school health," where the funds would be appropriated.

Sec. 701. Multi-Tiered Systems of Support (MTSS), At Risk, Reading Intervention Funding Support – REVISED

Requires MDE to produce a report detailing the progress made by districts with grades K-3 receiving at-risk funding under section 31a of the State Aid Act in implementing Multi-Tiered Systems of Supports (MTSS), in implementing MTSS for grades 4-8 in the prior school fiscal year, and in providing reading intervention services described in section 1280f of the revised school code.

Executive revises the report that details progress made by districts receiving At Risk funding under section 31a of the State School Aid Act from those with grades K-3 to those with grades K-8. Also revises the portion of the report for implementing MTSS in the prior school year to presumably all grades since the grade restriction, 4-8, was removed from the section. House revises the grades for the report detailing the progress made by districts receiving at-risk under section 31a of the State Aid Act from K-3 to K-12, as well as the grades for the report in implementing MTSS from 4-8 to K-12. Senate maintains current law. Conference revises all references to grade ranges to K-12, with the intent that MTSS and reading intervention is implemented in all grades.

Major Boilerplate Changes From FY 2017-18

Sec. 1001. Number of Childcare Providers – DELETED

Requires a report by November 1, 2017 on the average number of childcare providers (by type) receiving payment for childcare services for the fiscal year ending September 30, 2017.

Executive deletes this section. House maintains current law. Senate and Conference concur with Executive.

Sec. 1002. CDC Provider Reimbursement Rate Increase – REVISED

Requires the department to increase the provider reimbursement rates for child care centers, group homes, and registered family homes under the following guidelines: by \$0.25 per hour for each child for empty star, 1-star, and 2-star; by \$0.50 per hour for each child for 3-star and 4-star; and by \$0.75 for 5-star. For unlicensed providers, the provider reimbursement rate would increase by \$0.25 per hour for each child for Tier 1 and \$0.75 per hour for each child for Tier 2. The department is also required to publish the new final reimbursement rates on its and the Great Start to Quality webpages by the date that the new rates take effect.

Executive deletes this section. House revises to set the final rates after the FY 2017-18 reimbursement increases as the rates for the CDC program. Senate revises to increase licensed provider reimbursement rates by \$0.50 for child care centers, group homes, and family home providers with empty and 1-star ratings and by \$0.25 for those with 2-star ratings. Would also increase reimbursement rates by \$0.50 for unlicensed Tier 1 providers. Conference concurs with House.

Sec. 1004. CDC TEACH Scholarship – REVISED

Requires MDE to use \$1.0 million federal CCDF for TEACH Scholarships for credit-based educational opportunities for child care providers, with preference given to providers trying to increase their Great Start to Quality star rating.

Executive deletes this section. House maintains current law. Senate revises to increase the appropriation from \$1.0 million to \$5.0 million. Conference concurs with Senate.

Sec. 1005. CDC Childcare Monitoring – RETAINED

Requires MDE to coordinate with LARA to provide fingerprint services and background checks of employees of childcare providers as required by the federal Child Care and Development Block Grant

Executive and House delete this section. Senate and Conference maintain current law.

Sec. 1009. CDC Increase to Eligibility Entrance Threshold – REVISED

Requires MDE to use \$5.5 million federal CCDF to increase the eligibility entrance threshold for the CDC program from 125% to 130% of the federal poverty guidelines.

Executive deletes this section. House revises to set the CDC eligibility entrance threshold at 130% of the federal poverty guidelines. Senate revises to replace the current section with \$62.3 million for the following purposes: \$36.5 million to implement a biweekly reimbursement system for the CDC program; and \$25.8 million to increase the eligibility entrance threshold from 130% to 150% of the federal poverty guidelines. Additionally, before implementing either allocation, MDE must receive additional federal child care and development block grant funds from the federal Office of Child Care. Conference concurs with House.

Sec. 1010. CDC Funding Changes – NEW

Executive and House do not include this section. Senate adds a new section that requires MDE to notify the House and Senate appropriations subcommittees, the house and senate fiscal agencies, and the state budget director of federal changes to the CDC program including changes to the federal matching award amount, the block grant, and federal mandates that would require appropriations adjustments. Conference concurs with Senate.

Sec. 1011. CDC Biweekly Block Reimbursement Rate Schedule – NEW

Conference creates a new section that provides guidance and reporting on implementation for a new biweekly block reimbursement rate schedule. The new section provides \$15.0 million funding to implement, by December 1, 2018, a biweekly block reimbursement rate schedule only for licensed providers (child care centers, group homes, or registered family homes) at the following block segments: 1-30 hours reimbursed at the hourly reimbursement rate; 31-60 reimbursed as 60 hours; 61-80 reimbursed as 80 hours; and 81-90 reimbursed as 90 hours. Unlicensed providers would be reimbursed through the current hourly reimbursement rate schedule. Intent language is provided to reimburse providers based on the block segment that is closest to the number of billed hours actually paid to the provider. Before the funds can be expended, MDE must provide a detailed spending report that specifies how MDE will implement the block reimbursement, the specific rates broken out by provider type and differentiation by age groups, and the overall projected costs for FY 2018-19 and FY 2019-20.

Sec. 1021. National Career Readiness Certificate – DELETED

Requires MDE to renegotiate the ACT WorkKeys test to ensure the costs for registering and providing students with the National Career Readiness Certificate are included in the contract cost and are not charged to the student.

Executive, House, Senate, and Conference delete this section.

Sec. 1101. Drinking Water Declaration of Emergency – RETAINED

Requires that from the funds for the drinking water declaration of emergency, MDE must perform the following activities until it has spent all of the money appropriated for a drinking water declaration of emergency: pilot the expansion of CDC eligibility to children ages 0 to 3 for half-day childcare services for household income up to 300% of the federal poverty guidelines; provide information to childcare providers on identification and intervention services for children demonstrating potential developmental delays associated with exposure to lead; and provide a report on various metrics associated with the pilot's outcomes.

Executive deletes this section. House maintains current law. Senate deletes this section. Conference concurs with House.