

FY 2012-13: DEPARTMENT OF EDUCATION
Summary: House Subcommittee Recommendation
House Bill 5389 (H-1) Draft 1



Analysts: Bethany Wicksall and Mark Wolf

	FY 2011-12 YTD as of 2/9/12	FY 2012-13 Executive	FY 2012-13 House	FY 2012-13 Senate	FY 2012-13 Enacted	Difference: House From FY 2011-12 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0			\$0	--
Federal	244,074,400	246,894,300	244,551,300			476,900	0.2
Local	7,269,200	5,560,400	5,560,400			(1,708,800)	(23.5)
Private	3,133,400	2,828,700	2,828,700			(304,700)	(9.7)
Restricted	7,438,900	7,626,300	7,626,300			187,400	2.5
GF/GP	64,643,900	68,043,200	67,363,900			2,720,000	4.2
Gross	\$326,559,800	\$330,952,900	\$327,930,600			\$1,370,800	0.4
FTEs	596.0	594.5	586.5			(9.5)	(1.6)

Notes: (1) FY 2011-12 year-to-date (YTD) figures include mid-year budget adjustments through February 9, 2012, as well as adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and appropriations 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, and providing technical assistance to school districts and libraries.

Major Budget Changes From FY 2011-12 YTD Appropriations

1. Persistently Lowest Achieving (PLA) Schools

Executive provides \$760,000 GF/GP to the Office of Assessment and Accountability, School Reform Office (SRO) to support reform/redesign activities of PLA schools not receiving federal School Improvement Grants (SIG), allowing the SRO to provide services commensurate with SIG-funded activities, including weekly monitoring, on-going learning, and technical assistance to PLA schools. Additionally, the funds would enable the SRO and the Office of Education Innovation and Improvement (OEII) to assist schools in closing the achievement gap between highest and lowest achieving districts (i.e. so-called "focus schools"), as provided for in the MDE's federal Elementary and Secondary Education Act (ESEA) flexibility waiver request.

House concurs with Executive.

	FY 2011-12 Year-to-Date (as of 2/9/12)	FY 2012-13 House Change
FTE	64.1	1.0
Gross	\$11,635,000	\$760,000
Federal	9,992,200	0
GF/GP	\$1,642,800	\$760,000

2. Michigan Schools for the Deaf and Blind (MSDB)

Executive reduces funding and staffing for the MSDB, following the recent sale of the MSDB's Flint campus to a private developer. The sale of the property has reduced the MSDB's property maintenance costs necessitating fewer capital expenses and maintenance staff. Enrollment declines in recent years have also necessitated fewer staff.

House concurs with Executive.

	FY 2011-12 Year-to-Date (as of 2/9/12)	FY 2012-13 House Change
FTE	103.0	(27.0)
Gross	\$14,624,600	(\$2,088,000)
Federal	6,464,200	(45,000)
Local	7,181,000	(1,827,300)
Private	760,800	(215,700)
Restricted	218,600	0

3. Performance-Based Funding Initiative

Executive provides \$125,000 GF/GP and 1.0 FTE position in staff support to the Bureau of Assessments and Accountability (BAA) to implement the performance funding program proposed in the School Aid Budget (Sec. 22f). The program would provide districts with incentive funds, totaling an estimated \$70.0 million, based on students' proficiency growth in grades 3-8 mathematics, grades 3-8 reading, and all subject areas for high school students.

House does not concur with Executive.

	FY 2011-12 Year-to-Date (as of 2/9/12)	FY 2012-13 House Change
FTE	64.1	0.0
Gross	\$11,635,000	\$0
Federal	9,992,200	0
GF/GP	\$1,642,800	\$0

Major Budget Changes From FY 2011-12 YTD Appropriations	FY 2011-12 Year-to-Date (as of 2/9/12)	FY 2012-13 House Change
4. Technology Infrastructure Grant Program	FTE 67.6	1.0
<u>House</u> provides \$125,000 GF/GP and 1.0 FTE position in staff support to the Office of Grants Administration and School Support Services to implement the technology infrastructure improvement grant program proposed in the House Subcommittee Chair's recommendation for the School Aid budget (Sec. 22i). The program would provide districts (and ISDs on behalf of constituent districts) with funds, totaling \$75.0 million, for the development or improvement of a district's technology infrastructure in preparation for the planned implementation in 2014-15 of online student achievement growth assessments based on common core curriculum standards. Grants would be capped at \$2.0 million per district, with grants awarded to ISDs on behalf of their constituent districts, if the ISD-wide grant provides savings over individual district grants.	Gross \$11,311,400	\$125,000
	Federal 10,715,700	0
	Local 11,700	0
	Restricted 71,700	0
	GF/GP \$512,300	\$125,000
5. Charter School Oversight – Office of Education Innovation and Improvement	FTE 55.7	2.0
<u>Executive</u> provides \$250,000 GF/GP and 2.0 FTE positions to the Office of Education Innovation and Improvement and the provide for administration of charter planning grants and continued levels of oversight and support of charter schools following enactment of 2011 PA 270 (SB 618), which lifted the cap on charter schools. [These positions are to be added in FY 2012 with HB 4289, which is pending in the Senate.] <u>House</u> concurs with Executive.	Gross \$10,931,900	\$250,000
	Federal 8,883,300	0
	Private 573,300	0
	Restricted 510,900	0
	GF/GP \$964,400	\$250,000
6. Charter School Oversight – Office of Field Services	FTE 44.0	0.0
<u>Executive</u> provides \$250,000 GF/GP and 2.0 FTE positions to the Office of Field Services to provided continued levels of oversight and support of school districts and charter schools following the enactment of 2011 PA 270 (SB 618), which lifted the cap on university-authorized charter schools. <u>House</u> does not concur with Executive.	Gross \$9,519,200	\$0
	Federal 8,748,300	0
	Private 572,100	0
	Restricted 53,000	0
	GF/GP \$145,800	\$0
7. Michigan Electronic Library (MeL) Database	Gross \$950,000	\$800,000
<u>Executive</u> provides \$800,000 GF/GP for the Library of Michigan, to support the library's acquisition of business databases and other online resource programs for small businesses and entrepreneurs. <u>House</u> concurs with Executive.	GF/GP \$950,000	\$800,000
8. State Aid to Libraries	Gross \$5,445,700	\$470,700
<u>House</u> increases funding for State Aid to Libraries - distributed under 1977 PA 89 generally on a per-capita basis - by \$0.5 million.	GF/GP \$5,445,700	\$470,700
9. Michigan College Access Network	FTE 6.0	(6.0)
<u>Executive</u> provides \$2.0 million GF/GP to the College Access and Outreach Unit (CAO), partially replacing lost federal funds, to enable the CAO, the Michigan College Access Network and its partners to continue to provide support to families preparing for college and to enable the continued placement of college advisors in urban and rural schools in the state. <u>House</u> concurs with the Executive, but removes unfunded FTE positions and excess federal funding authorization.	Gross \$4,322,400	(\$2,322,400)
	Federal 4,322,400	(4,322,400)
	GF/GP \$0	\$2,000,000
10. Early Childhood Investment Corporation	FTE 61.0	0.0
<u>Executive</u> provides \$1.9 million federal funding to the Office of Great Start for funding for the Early Childhood Investment Corporation (ECIC) to support early childhood education program improvements through the 54 Great Start Collaboratives, to provide planning grants for the Children's Healthcare Access Program (CHAP), and to support the state's Tiered Quality Rating Improvement System (TQRIS), which provides assessments and professional development training for child care providers in the state. <u>House</u> provides only \$1.0 million Gross (\$344,700 GF/GP).	Gross \$20,710,200	\$1,000,000
	Federal 19,758,000	655,300
	Restricted 61,900	0
	GF/GP \$890,300	\$344,700
11. Child Development and Care (CDC) Caseloads	Gross \$159,155,700	(\$3,000,000)
<u>Executive</u> reduces funding for the child care assistance payments by \$3.0 million due to continued reductions in the CDC program's caseload, down to an estimated 26,300 per month. CDC program caseloads for FY 2013 are determined at the May Consensus Revenue Estimating Conference. <u>House</u> concurs with Executive.	Federal 117,166,900	0
	GF/GP \$41,988,800	(\$3,000,000)

Major Budget Changes From FY 2011-12 YTD Appropriations		FY 2011-12 Year-to-Date (as of 2/9/12)	FY 2012-13 House Change
12. CDC Program External Support	Gross	\$30,613,800	(\$655,300)
<u>Executive</u> provides for an economics adjustment, reducing funding support for an interdepartmental grant to the Department of Human Services for DHS responsibilities in CDC program administration. Also, offsets \$1.2 million federal with GF/GP.	Federal	30,613,800	(655,300)
<u>House</u> concurs with the funding reduction, but not the GF/GP fund shift.			
13. Federal Fund Shift	Gross	N/A	\$1,849,000
<u>Executive</u> includes an additional \$1.8 million from several federal fund sources previously appropriated in the budget of the Center for Education Performance and Information (CEPI) within the School Aid Budget. These federal funds are offset with GF/GP funds in the CEPI budget.	Federal	N/A	1,849,000
<u>House</u> concurs with Executive.			
14. State Aid Management System (SAMS)	Gross	\$3,511,000	\$125,000
<u>Executive</u> provides an additional \$125,000 for IT costs to support the maintenance of the State Aid Management System (SAMS), the department's new IT system used to disburse school aid payments to districts. The MDE fully migrated to the new system in July 2011. The additional funds support 1.0 FTE position included in the budget for the Department of Technology, Management, and Budget.	Federal	2,062,400	0
<u>House</u> concurs with Executive.	Local	76,500	0
	Restricted	325,500	0
	GF/GP	\$1,046,600	\$125,000
15. Economic Adjustments	Gross	N/A	\$3,782,500
<u>Executive</u> reflects increased costs of \$3.8 million Gross (\$730,500 GF/GP) for negotiated salary and wage increases, actuarially-required retirement rate increases and other economic adjustments for FY 2012-13, and provide \$1.5 million Gross (\$253,300 GF/GP) for FY 2013-14.	Federal	N/A	2,566,200
<u>House</u> concurs with Executive.	Local	N/A	102,000
	Restricted	N/A	383,800
	GF/GP	N/A	\$730,500
16. One-Time Boilerplate Appropriations	Gross	N/A	\$624,300
<u>Executive</u> includes FY 2012-13 appropriation designated as "one-time" of \$624,300 Gross (\$114,100 GF/GP) for negotiated one-time lump sum payments to state employees. As part of their contract, unionized employees will receive a 1% lump sum payment, and Non-Exclusively Represented Employees (NEREs) will receive a 2% lump sum payment in October 2012.	Federal	N/A	429,100
<u>House</u> concurs with Executive.	Local	N/A	16,500
	Restricted	N/A	64,600
	GF/GP	N/A	\$114,100
17. Full-Time Equivalent (FTE) Positions Authorization	FTE	N/A	19.5
<u>Executive</u> adjusts FTE authorization for the Office of Assessment and Accountability (2.5 FTEs), the Office of Grants Coordination and School Support Services (14.0 FTEs), Office of Audits (1.0 FTE), and central support services (2.0 FTEs) to reflect the actual number of FTE positions within those line items. There is no associated funding change.	Gross	N/A	\$0
<u>House</u> concurs with Executive.	GF/GP	N/A	\$0
18. Anticipated FY 2013-14 Budget Changes			
<u>Executive</u> provides \$1.5 million Gross (\$0.3 million GF/GP) for actuarially-required retirement rate increases and other economic adjustments for FY 2013-14. (Boilerplate intent language only; would not be binding appropriation.)			
<u>House</u> concurs with Executive.			

Major Boilerplate Changes From FY 2011-12

Sec. 207. Department Financial information – RETAINED

Requires MDE to maintain a searchable website accessible to the public which includes expenditures by category and appropriation unit, payments to vendors, the number of active employees by classification, and job specifications and wage rates. Executive (Sec. 20-205) places this requirement on the Department of Technology, Management, and Budget (rather than individual departments), and deletes language allowing MDE to develop its own website or to refer to a central website. House maintains current law.

Sec. 208. Personnel Records – REVISED

Directs that MDE require districts to retain teacher personnel records regarding sexual misconduct. Executive deletes this section. House maintains current law.

Major Boilerplate Changes From FY 2011-12

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. Executive deletes this section. House maintains current law.

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

Restricts out-of-state travel by MDE employees to certain circumstances. Executive deletes this section. House deletes the restrictions on out-of-state travel, and revises the report, requiring the date and costs of each trip by an MDE employee.

Sec. 220. Timely Data – REVISED

Requires MDE to provide data requested by legislators, legislative staff, and the fiscal agencies in a timely manner. Executive deletes this provision. House retains this provision and adds that a departmental office that fails to provide reasonably requested data within 30 days shall have 1% of its appropriation withheld.

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 this section. House maintains current law.

Sec. 226. Lapse Report – RETAINED

Requires MDE to report on the projected year-end General Fund lapse amounts for the prior fiscal year by November 15. Executive (Sec. 20-204) requires the report to be provided by report by November 30. House maintains current law.

Sec. 227. Restricted Funds Report – RETAINED

Requires MDE to provide a report to the Legislature on restricted fund revenues, expenditures, and balances for FY 2011-12 and FY 2012-13 within 14 days of the issuance of the FY 2013-14 Executive Recommendation. Executive (Sec. 20-206) requires the report be provided by the State Budget Office, rather than MDE. House maintains current law.

Sec. 228. Office Space Consolidation – NEW

House adds legislative intent language that the MDE comply with the office space consolidation plan by DTMB.

Sec. 229. State Education Reforms – RETAINED

Requires MDE and the superintendent to use funds appropriated in part 1 to ensure that its responsibilities under the school reform and redesign law (MCL 380.1280c) are carried out within the time required. Executive deletes this section. House maintains current law.

Sec. 501. Felony Conviction Files – RETAINED

Requires that MDE maintain professional personnel registry and certificate revocations/felony conviction files. Executive deletes this section. House maintains current law.

Sec. 601. Charter School Office – DELETED

Earmarks \$350,000 and 3.5 FTE positions to operate the charter schools office. Executive and House delete this section.

Sec. 902. College Access Program – REVISED

Current law designates college access program funds as a work project. Executive provides that funds appropriated for the college access program may be used to support (1) Michigan College Access Network operations, programming, and services to local college access networks; (2) local college access networks, which are community-based organizations that work to improve college participation and completion rates; (3) the Michigan College Access Portal, an online portal to help students and families plan and apply for college; (4) public awareness campaigns to encourage low-income and first-generation students to attend college; and (5) subgrants to post-secondary institutions to provide student mentors and college advisors to assist high school students in navigating the postsecondary planning and enrollment process. House concurs with Executive.

Sec. 701. Collaboration with the Center for Educational Performance and Information (CEPI) – DELETED

Directs MDE to work collaboratively with CEPI to support data collection. Executive and House delete this section.

Sec. 803. Keep Library Functions Together – RETAINED

Legislative intent that the State maintain the Library of Michigan and its component programs together in a state department. Executive deletes this section. House retains it.

Sec. 804. Library Collections – RETAINED

Requires the MDE and the Library of Michigan to maintain custody of the non-Michigan genealogy and all Michigan-specific collections and continue to make these collections available to the public. Executive deletes this section. House retains it.

Sec. 903. Online Education – RETAINED

Directs MDE to work with districts that operate a cyber school or an 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 this section. House retains it.

Sec. 1001. Number of Child Care Providers Report – RETAINED

Requires report on the number of childcare providers by type receiving payment for childcare services on October 1. (Previously included in the DHS budget this language applies now to the MDE with the transfer of the Child Development and Care Program from DHS to MDE.) Executive deletes this section. House maintains current law.

Major Boilerplate Changes From FY 2011-12

Sec. 1003. Child Development and Care Program Report – RETAINED

Requires a report on the amount of child care payments paid by parents in addition to the child care subsidy and the number of enrolled child care providers by reported annual household income. (Previously included in the DHS budget this language applies now to the MDE with the transfer of the Child Development and Care Program from DHS to MDE.) Executive deletes this section. House maintains current law.

Sec. 1005. Notification of CDC Eligibility Reduction or Elimination – RETAINED

Requires DHS/MDE to immediately notify the client and child care provider when the client's eligibility is reduced or eliminated; requires continued payment to providers until provider receives notice; requires annual report on additional payments. (Previously included in the DHS budget this language applies now the MDE with the transfer of the Child Development and Care Program from DHS to MDE.) Executive deletes this section. House maintains current law.

Sec. 1201. Anticipated FY 2013-14 Appropriations – NEW

States legislative intent to provide appropriations for FY 2013-14, adjusting FY 2012-13 amounts based on economic and other factors. (See item 17 under Major Budget Changes for specific anticipated appropriation adjustments.)