

**Summary: Executive Budget Recommendation
for Fiscal Year 2017-18
DEPARTMENT of EDUCATION**



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	FY 2016-17 Year-to-Date as of 2/8/17	FY 2017-18 Executive	Difference: FY 2017-18 Vs. FY 2016-17	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	239,821,900	251,854,700	12,032,800	5.0
Local	5,557,200	5,817,200	260,000	4.7
Private	2,034,200	2,034,300	100	0.0
Restricted	8,380,700	8,567,600	186,900	2.2
GF/GP	76,181,200	81,035,700	4,854,500	6.4
Gross	\$331,975,200	\$349,309,500	\$17,334,300	5.2
FTEs	603.5	609.5	6.0	1.0

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (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.

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations

		FY 2016-17 YTD (as of 2/8/17)	Executive Change from YTD
1. Child Development and Care (CDC) – Provider Reimbursement Rate Increase	Gross	\$133,966,100	\$27,200,000
Provides \$27.2 million Gross (\$18.8 million federal Child Care Development Fund (CCDF) and \$8.4 million GF/GP) to increase the reimbursement rate for childcare providers delivering services through the CDC program. Increased funding is intended to more closely match the federal recommendation that reimbursement rates equal the 75th percentile of market rates.	Federal	108,185,400	18,800,000
	GF/GP	\$25,780,700	\$8,400,000
2. CDC – Licenses-Exempt Monitoring	Gross	\$23,177,400	\$1,365,500
Provides \$1.4 million federal CCDF to ensure that license-exempt providers—providers offering care in their own home to a related child or providers unrelated to the child but offering care in the child’s own home—are offering care that meets health and safety requirements.	Federal	15,814,900	1,365,500
	Private	250,000	0
	Restricted	64,600	0
	GF/GP	\$7,047,900	\$0
3. CDC – Background Check Staffing in Licensing and Regulatory Affairs (LARA)	Gross	\$27,374,500	\$800,000
Provides \$800,000 federal CCDF for staff in LARA to implement a new federally required background check and fingerprinting process and to notify providers of any employee ineligible to work in childcare settings.	Federal	27,374,500	800,000
	GF/GP	\$0	\$0
4. State Assessments Staffing	Gross	\$14,619,400	\$2,550,000
Provides \$2.6 million GF/GP to support 10.0 FTEs, currently authorized in the budget but unfunded, to improve the quality, validity, and reliability of state academic assessments and to measure student academic growth and achievement. Federal funding for state assessments have decreased in recent years, thus reducing funding for FTE positions.	Federal	13,476,200	0
	GF/GP	\$1,143,200	\$2,550,000
5. Federal Funds Adjustment	Gross	\$14,619,400	(\$1,000,000)
Recognizes a \$1.0 million net reduction in federal Title VI funds to the Accountability Services Unit related to assessment support funding. The net change includes a \$2.0 million reduction in the “State Assessments and Related Activities” grant and a new \$1.0 million “Enhanced Assessment Instruments” grant.	Federal	13,476,200	(1,000,000)
	GF/GP	\$1,143,200	\$0

Major Budget Changes From FY 2016-17 Year-to-Date (YTD) Appropriations	FY 2016-17 YTD (as of 2/8/17)		Executive Change from YTD
6. Partnership Model with Districts	FTE	NA	4.0
Creates a new unit titled Partnership District Support and provides \$641,800 GF/GP and 4.0 FTEs (along with \$3.0 million for eligible districts in the School Aid budget) for the unit to work with other education stakeholders to assist districts struggling with poor student academic performance. Interventions would be provided to districts not yet under the authority of the School Reform Office (SRO).	Gross	NA	\$641,800
	GF/GP	NA	\$641,800
7. Field Services – Every Student Succeeds Act (ESSA) Required Staffing	FTE	45.0	2.0
Provides 2.0 FTEs to the Field Services Unit for new ESSA staffing requirements: 1) 1.0 FTE for a nonpublic schools ombudsman to ensure equity of Title I and Title VIII funds of ESSA for private school children, teachers, and other educational personnel; 2) 1.0 FTE for a foster care liaison to act as a point of contact for child welfare agencies and to oversee the stability of children in foster care as dictated in section 1111(1)(E) of ESSA and the Fostering Connections Act.	Gross	\$9,349,200	\$0
	Federal	8,599,200	0
	Restricted	37,300	0
	GF/GP	\$712,700	\$0
8. Transfer of FTEs and Funds from the Office of Education Improvement and Innovation (OEII) to the Michigan Schools for the Deaf and Blind	FTE	NA	0.0
Shifts 5.0 FTEs and \$712,900 federal funding from OEII and provides the Michigan Schools for the Deaf and Blind with 5.0 FTES and \$712,900 Gross (\$365,900 federal and \$347,000 Local cost sharing, Schools for the Deaf and Blind). The funding and FTEs do not indicate increases to the overall budget, but instead are interunit transfers. This funding and FTE shift is necessitated by the increased Enrollment at the Michigan School for the Deaf from 122.7 FTEs in the 2012 school year to 171.2 FTEs in the 2017 school year.	Gross	NA	\$0
	Federal	NA	(347,000)
	Local	NA	347,000
	Restricted	NA	0
	GF/GP	NA	\$0
9. Michigan Schools for the Deaf and Blind Operations	Gross	\$12,812,700	(\$150,000)
There is a reduction of \$312,500 in local school district service fees, which is partially offset by an increase of \$162,500 in local cost sharing for the Schools for the Deaf and Blind.	Federal	7,048,600	0
	Local	5,545,500	(150,000)
	Restricted	218,600	0
	GF/GP	\$0	\$0
10. Low Incidence Outreach Program	Gross	\$300,000	\$150,000
Provides \$150,000 restricted fund to the Low Incidence Outreach program. A majority of the increased appropriations authority for the Low Incidence program comes from the specialized Braille books they produce. The authority will also allow for increasing the amount of professional development for staff, parents, and students and the ability to upgrade equipment.	Restricted	300,000	150,000
	GF/GP	\$0	\$0
11. Renaissance Zones Adjustment	Gross	\$5,300,000	(\$2,000,000)
Reduces reimbursements to libraries for local revenue lost due to renaissance zones by \$2.0 million GF/GP to reflect the expiration of existing zones.	GF/GP	\$5,300,000	(\$2,000,000)
12. One-Time Appropriation – Drinking Water Declaration of Emergency	Gross	NA	\$100
Provides a \$100 restricted fund placeholder for the Drinking Water Declaration of Emergency.	Restricted	NA	100
	GF/GP	NA	\$0
13. Economic Adjustments	Gross	NA	\$827,000
Reflects increased costs of \$827,000 Gross (\$206,000 GF/GP) for negotiated salary and wage increase (3.0% ongoing after removing the FY 2016-17 one-time 1.5% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Federal	NA	516,000
	Local	NA	63,000
	Private	NA	100
	Restricted	NA	41,900
	GF/GP	NA	\$206,000

Major Boilerplate Changes From FY 2016-17

Sec. 216. Adequate Yearly Progress (AYP) – DELETED

Requires that MDE allow districts to appeal a determination of failure to meet AYP prior to MDE reporting those results.

Sec. 219. Kindergarten Entry Assessment Participation – DELETED

Requires the department to ensure that the kindergarten entry assessment includes a method for information to be provided regarding a child's participation in the great start readiness program.

Sec. 221. Personnel Records – DELETED

Directs that MDE require districts to retain teacher personnel records regarding sexual misconduct.

Major Boilerplate Changes From FY 2016-17

Sec. 222. Communication with the Legislature – DELETED

Prohibits MDE from taking disciplinary action against an employee for communicating truthfully and factually with a legislator or his/her staff.

Sec. 223. Records Retention – DELETED

Requires MDE to retain all reports funded from appropriations according to federal and state guidelines for short-term and long-term retention of records.

Sec. 227. Timely Data – DELETED

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 days after it is due.

Sec. 228. Requests for Proposals – DELETED

Prohibits department from issuing a request for proposal for a contract exceeding \$1.0 million unless it first considers issuing a request for information or request for qualification.

Sec. 229. Contract Notification – DELETED

Requires MDE to notify the House and Senate appropriations committees and the State Budget Director before entering into a contract that exceeds \$1.0 million or seeking a federal waiver form, or amending the federal waiver form.

Sec. 230. Nonpublic School Mandates – DELETED

Requires MDE to compile a report that identifies any new, or lack thereof, mandates required of nonpublic schools by April 1, 2017.

Sec. 302. Travel Expenditures – DELETED

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

Sec. 325. Federal and Private Grants – DELETED

Requires the 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.

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

Revises the recipients of this boilerplate from “all parents” with an Individualized Education Plans (IEP) to “all parents of a newly identified student with a disability” concerning the rights and protections of students with disabilities.

Sec. 502. Student Teaching Credits – DELETED

Authorize teacher preparation institutions to provide alternative programs in which one-half of all student teaching credits can be earned through substitute teaching.

Sec. 503. Professional Development Coordination – REVISED

Revises to remove the specification of which unit and line item within MDE is responsible for coordination of professional development coordination with Michigan Virtual University (MVU) and modifies it to coordinate between the entire department and MVU.

Sec. 701. MTSS K-3 At-Risk Funding Report – REVISED

Revises to expand the grade range and clarifies the grade range for districts that do not have certain grades. Revises the grade range from “K to 3” to “K to 8” or “all of the grades a district operates if the district operates less than grades K to 8.”

Sec. 803. Keep Library Functions Together – DELETED

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

Sec. 1001. Number of Childcare Providers – DELETED

Requires a report by November 1, 2016 on the number of childcare providers (by type) receiving a payment for childcare services on October 1, 2016.

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

Requires the department to submit an annual report on all funding appropriated to the Early Childhood Investment Corporation (ECIC) for FY 2016-16 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.

Sec. 1005. CDC Childcare Monitoring – NEW

Requires the 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.

Major Boilerplate Changes From FY 2016-17

Sec. 1007. CDC Progress Reports – REVISED

Revises the biannual CDC progress reports to a single report and makes the following changes to the report: clarifies and identifies the types of onsite visits that are to be reported (initial licensure visits, annual monitoring inspections, complaint investigations, follow-up visits, and other visits required); rather than reporting on the number of visits for each type of onsite visit, the report would require the average number of onsite visits per consultant by licensing type; and revises to remove the requirement to track the number of times consultants and managers participate in professional development and instead requires them to list the activities of professional development that improve performance and quality.

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

Requires the Department to use \$7.7 million federal CCDF to increase the eligibility entrance threshold of the CDC program from 121% of the federal poverty guidelines to 125% of the federal poverty guidelines.

Sec. 1010. Drinking Water Declaration of Emergency Work Project – DELETED

Provides that funding for the drinking water declaration of emergency, if not fully expended by September 30, 2017, is a work project and may be spent in the following fiscal year.

Sec. 1101. Drinking Water Declaration of Emergency CDC Pilot – DELETED

Requires that from the funds for the drinking water declaration of emergency, the MDE must perform the following activities: 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.

Sec. 1102. Lead Water Testing – DELETED

Requires a reimbursement of \$4.5 million and up to \$950 per school building for the costs for water testing, fixture replacement, filter purchases, plumbing assessments, and/or technical assistance incurred from July 1, 2016 to September 30, 2017.

Sec. 1201. FY 2017-18 – DELETED

Expresses intent that FY 2017-18 appropriations are anticipated to be the same as FY 2016-17 appropriations, except for adjustments for changes in caseloads, federal match rates, economic factors, and available revenue.

Supplemental Recommendations for FY 2016-17 Appropriations

1. CDC – Provider Reimbursement Rate Increase

Provides \$6.8 million Gross (\$4.7 million federal CCDF and \$2.1 million GF/GP) to increase the reimbursement rate for childcare providers delivering services through the CDC program. Increased funding is intended to closer match the federal recommendation that reimbursement rates equal the 75th percentile of market rates. This supplemental increase would bring the Child Development and Care Public Assistance line item to \$140.8 million Gross (\$112.9 million federal CCDF and \$27.9 million GF/GP).

		FY 2016-17 Recommendation
Gross		\$6,800,000
Federal		4,700,000
GF/GP		\$2,100,000

2. CDC – Child Care Monitoring and Technology Improvements/System Maintenance

Provides \$8.6 million federal CCDF to Michigan Office of Great Start for the CDC External Support line item, which brings the total appropriation to \$36.0 federal CCDF. Funding will be used for the following activities:

- Provides \$7.1 million federal CCDF to LARA for comprehensive fingerprinting (\$5.5 million) and background checks (\$1.6 million) of all child care providers, staff, and individuals with unsupervised access to children in Michigan child care settings. This funding directive would bring the MDE into compliance with Federal regulations and would cover an estimated 85,000 people employed in childcare settings.
- Provides \$1.5 million federal CCDF to DHHS for technology improvements to implement the provider rate increase and to perform other needed system maintenance on Bridges.

Gross		\$8,592,300
Federal		8,592,300
GF/GP		\$0