

**Summary: Executive Budget Recommendation
for Fiscal Years 2012-13 and 2013-14
DEPARTMENT OF EDUCATION**



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	FY 2011-12 Year-to-Date as of 2/9/12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
			Amount	%		Amount	%
IDG/IDT	\$0	\$0	\$0	--	\$0	\$0	--
Federal	244,074,400	246,894,300	2,819,900	1.2	247,526,200	631,900	0.3
Local	7,269,200	5,560,400	(1,708,800)	(23.5)	5,589,900	29,500	0.5
Private	3,133,400	2,828,700	(304,700)	(9.7)	2,828,700	0	0.0
Restricted	7,438,900	7,626,300	187,400	2.5	7,692,500	66,200	0.9
GF/GP	64,643,900	68,043,200	3,399,300	5.3	68,182,400	139,200	0.2
Gross	\$326,559,800	\$330,952,900	\$4,393,100	1.3	\$331,819,700	\$866,800	0.3
FTEs	596.0	594.5	(1.5)	(0.3)	594.5	0.0	0.0

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated 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 boilerplate appropriations designated as "one-time." (3) FY 2013-14 figures are projected budget amounts only and would not be legally-binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

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		FY 2011-12 YTD (as of 2/9/12)	Executive Changes	
			FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
1. Persistently Lowest Achieving (PLA) Schools	FTE	64.1	1.0	0.0
Provides \$760,000 GF/GP to the Bureau 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.	Gross	\$11,635,000	\$760,000	\$0
	Federal	9,992,200	0	0
	GF/GP	\$1,642,800	\$760,000	\$0
2. Michigan Schools for the Deaf and Blind (MSDB)	FTE	103.0	(27.0)	0.0
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.	Gross	\$14,624,600	(\$2,088,000)	\$0
	Federal	6,464,200	(45,000)	0
	Local	7,181,000	(1,827,300)	0
	Private	760,800	(215,700)	0
	Restricted	218,600	0	0

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>		<u>FY 2011-12 YTD (as of 2/9/12)</u>	<u>Executive Changes</u>	
			<u>FY 2011-12 to FY 2012-13</u>	<u>FY 2012-13 to FY 2013-14</u>
3. Performance Funding Initiative	FTE	64.1	1.0	0.0
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 million, based on students' proficiency growth in grades 3-8 mathematics, grades 3-8 reading, and all subject areas for high school students.	Gross	\$11,635,000	\$125,000	\$0
	Federal	9,992,200	0	0
	GF/GP	\$1,642,800	\$125,000	\$0
4. Charter School Oversight – Office of Education Innovation and Improvement	FTE	55.7	2.0	0.0
Provides \$250,000 GF/GP and 2.0 FTE positions to the Office of Education Innovation and Improvement and the provide for continued levels of oversight and support of school districts and charter schools following enactment of 2011 PA 270 (SB 618), which lifted the cap on charter schools.	Gross	\$10,931,900	\$250,000	\$0
	Federal	8,883,300	0	0
	Private	573,300	0	0
	Restricted	510,900	0	0
	GF/GP	\$964,400	\$250,000	\$0
5. Charter School Oversight – Office of Field Services	FTE	44.0	2.0	0.0
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.	Gross	\$9,519,200	\$250,000	\$0
	Federal	8,748,300	0	0
	Private	572,100	0	0
	Restricted	53,000	0	0
	GF/GP	\$145,800	\$250,000	\$0
6. Michigan Electronic Library (MeL) Database	Gross	\$950,000	\$800,000	\$0
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.	GF/GP	\$950,000	\$800,000	0
7. Michigan College Access Network	FTE	6.0	0.0	0.0
Provides \$2.0 million GF/GP to the College Access and Outreach Unit (CAO), 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.	Gross	\$4,322,400	\$0	\$0
	Federal	4,322,400	(2,000,000)	0
	GF/GP	\$0	\$2,000,000	\$0
8. Early Childhood Investment Corporation	FTE	61.0	0.0	0.0
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.	Gross	\$20,710,200	\$1,900,000	\$0
	Federal	19,758,000	1,900,000	0
	Restricted	61,900	0	0
	GF/GP	\$890,300	\$0	0
9. Child Development and Care (CDC) Caseloads	Gross	\$159,155,700	(\$3,655,300)	\$0
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 26,600 per month. CDC program caseloads for FY 2013 are determined at the May Consensus Revenue Estimating Conference (CREC). Also, makes economics adjustment and reduces funding support for an interdepartmental grant to the Department of Human Services for DHS responsibilities in CDC program administration.	Federal	117,166,900	(655,300)	0
	GF/GP	\$41,988,800	(\$3,000,000)	0

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>		FY 2011-12 YTD (as of 2/9/12)	Executive Changes	
			FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
10. Federal Fund Shift	Gross	N/A	\$1,849,000	N/A
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	N/A
11. State Aid Management System (SAMS)	Gross	\$3,511,000	\$125,000	\$0
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	0
	Local	76,500	0	0
	Restricted	325,500	0	0
	GF/GP	\$1,046,600	\$125,000	\$0
12. Economic Adjustments	Gross	N/A	\$3,803,100	\$1,491,100
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) for FY 2013-14.	Federal	N/A	2,586,800	1,061,000
	Local	N/A	102,000	46,000
	Restricted	N/A	383,800	130,800
	GF/GP	N/A	\$730,500	\$253,300
13. One-Time Boilerplate Appropriations	Gross	N/A	\$624,300	N/A
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	N/A
	Local	N/A	16,500	N/A
	Restricted	N/A	64,600	N/A
	GF/GP	N/A	\$114,100	N/A

Major Boilerplate Changes From FY 2011-12

NOTE: No boilerplate language proposed specific to FY 2013-14. The Executive deletes many of the boilerplate sections, and transfers certain standard sections applicable to each department to a separate Article 20 in the omnibus Executive budget bill.

Sec. 207. Department Financial information – REVISED

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. The Executive 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. (Sec. 20-205)

Sec. 208. Personnel Records – DELETED

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

Sec. 211. 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. 212. Purchase of Foreign Goods – DELETED

Prohibits use of state funds to purchase foreign-made goods if comparable American or Michigan goods are available. Gives preference to Michigan businesses owned and operated by veterans.

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

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

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

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

Sec. 216. Communication with the Legislature – DELETED

Prohibits MDE from taking disciplinary action against an employee for communication with a legislator or legislative staff.

Sec. 220. Timely Data – DELETED

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

Major Boilerplate Changes From FY 2011-12

Sec. 225. Pupil Membership Fraud – DELETED

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.

Sec. 226. Lapse Report – REVISED

Requires MDE to report on the projected year-end General Fund lapse amounts for the prior fiscal year by November 15. The **Executive** requires the report by November 30. (Sec. 20-204)

Sec. 227. Restricted Funds Report – REVISED

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. The **Executive** requires the report be provided by the State Budget Office, rather than MDE. (Sec. 20-206)

Sec. 229. State Education Reforms – DELETED

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.

Sec. 292. Number of Child Care Providers Report – DELETED

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.)

Sec. 501. Felony Conviction Files – DELETED

Requires that MDE maintain professional personnel registry and certificate revocations/felony conviction files.

Sec. 601. Charter School Office – DELETED

Earmarks \$350,000 and 3.5 FTE positions to operate the charter schools office.

Sec. 6-601. College Access Program – NEW

States 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.

Sec. 670. Child Development and Care Program Report – DELETED

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.)

Sec. 673. Notification of CDC Eligibility Reduction or Elimination – DELETED

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.)

Sec. 680. Child Development and Care Program Savings – DELETED

States legislative intent on budgetary savings through the child development and care program including reducing the maximum number of reimbursable hours and improving error rates. (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.)

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

Directs MDE to work collaboratively with CEPI to support data collection.

Sec. 6-801. One-Time Appropriation – NEW

Provides an appropriation, in FY 2012-13 only, to make contractual lump sum payments to MDE employees.

Sec. 803. Keep Library Functions Together – DELETED

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

Sec. 804. Library Collections – DELETED

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.

Sec. 903. Online Education – DELETED

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.