

**Summary: Executive Budget Recommendation  
for Fiscal Years 2015-16 and 2016-17  
DEPARTMENT of EDUCATION**



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	FY 2014-15 Year-to-Date as of 2/11/15	Proposed FY 2014-15 Adjustments	Adjusted FY 2014-15 Year-to-Date	FY 2015-16 Executive Recommendation	Change: FY 2015-16 vs. FY 2014-15 Adjusted	
					Amount	%
IDG/IDT	0	0	0	0	0	--
<b>Federal</b>	189,473,500	11,805,700	201,279,200	218,583,400	17,304,200	8.6
<b>Local</b>	5,633,700	0	5,633,700	5,633,700	0	0.0
<b>Private</b>	1,933,300	0	1,933,300	2,033,300	100,000	5.2
<b>Restricted</b>	7,972,600	0	7,972,600	7,669,600	(303,000)	(3.8)
<b>GF/GP</b>	82,083,000	(8,403,100)	73,679,900	79,292,200	5,612,300	7.6
<b>Gross</b>	<b>\$287,096,100</b>	<b>\$3,402,600</b>	<b>\$290,498,700</b>	<b>\$313,212,200</b>	<b>\$22,713,500</b>	<b>7.8</b>
<b>FTEs</b>	600.5	0	600.5	600.5	0	0.0

Notes: (1) FY 2014-15 year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112 (H-1). (3) 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 Adjusted FY 2014-15 Appropriations**

**1. Child Development and Care (CDC) — Increase Exit Threshold**

Increases funding by \$763,700 federal Child Care Developmental Fund (CCDF) to raise the exit threshold for determining CDC eligibility from 121% to 250% of the federal poverty level to reflect full-year funding, in addition to the proposed FY 2014-15 partial-year increase of \$764,000 federal CCDF, for a total increase of \$1.5 million federal CCDF compared to the original FY 2014-15 budget.

	FY 2014-15 Adjusted Year-to-Date	FY 2015-16 Executive Change
<b>Gross</b>	<b>\$119,697,700</b>	<b>\$763,700</b>
Federal	83,108,900	763,700
GF/GP	\$36,588,800	\$0

**2. Child Development and Care (CDC) — 12-month Continuous Eligibility Model**

Increases funding by \$8.0 million federal CCDF to allow 12-month continuous child eligibility regardless of income after enrollment for CDC public assistance to reflect full-year funding, in addition to a proposed FY 2014-15 partial-year increase of \$8.0 million federal CCDF, for a total increase of \$16.0 million federal CCDF compared to the original FY 2014-15 budget.

<b>Gross</b>	<b>\$119,697,700</b>	<b>\$7,973,300</b>
Federal	83,108,900	7,973,300
GF/GP	\$36,588,800	\$0

**3. Child Development and Care (CDC) — Increasing Provider Rates for Tiered Reimbursement**

Increases funding by \$3.1 million federal CCDF to increase provider reimbursement rates for the high quality licensed and registered programs as defined by the Great Start to Quality provider rating system to reflect full-year funding, in addition to a proposed FY 2014-15 partial-year increase of \$3.1 million federal CCDF, for a total increase of \$6.1 million federal CCDF compared to the original FY 2014-15 budget.

<b>Gross</b>	<b>\$119,697,700</b>	<b>\$3,068,600</b>
Federal	83,108,900	3,068,600
GF/GP	\$36,588,800	\$0

**4. Child Development and Care (CDC) — Additional Child Care Licensing Consultants**

Increases the interdepartmental grant to Department of Human Services by \$5.7 million in federal CCDF to increase the number of Child Care Licensing (CCL) consultants by 39.0 FTEs.

<b>Gross</b>	<b>\$17,766,500</b>	<b>\$5,661,500</b>
Federal	17,766,500	5,661,500
GF/GP	\$0	\$0

<b><u>Major Budget Changes From Adjusted FY 2014-15 Appropriations</u></b>		<b><u>FY 2014-15 Adjusted Year-to-Date</u></b>	<b><u>FY 2015-16 Executive Change</u></b>
<b>5. Educator Evaluations</b>	<b>Gross</b>	<b>NA</b>	<b>\$3,611,800</b>
Provides \$3.6 million GF/GP for educator evaluations. Funding would be used for staffing, compliance monitoring, and information technology systems modifications. This would restore a \$3.4 million GF/GP reduction to this line in Executive Order 2015-5 and add additional \$200,000. This line item originally comprised \$2.5 million GF/GP in ongoing funds and \$900,000 GF/GP in one-time funds. However, for the FY 2015-16 line item, all \$3.6 million GF/GP would be ongoing funds.	GF/GP	NA	\$3,611,800
<b>6. State Aid to Libraries Increase</b>	<b>Gross</b>	<b>\$8,876,000</b>	<b>\$1,000,000</b>
Increases state aid to libraries by \$1.0 million GF/GP for a total of \$9.9 million. This increase is tied to boilerplate Section 806, in which the increased funding to libraries would be prioritized to early literacy programming in public libraries.	GF/GP	\$8,876,000	\$1,000,000
<b>7. Renaissance Zone Reimbursements to Libraries</b>	<b>Gross</b>	<b>\$4,700,000</b>	<b>\$600,000</b>
Increases reimbursements to libraries for local revenue lost due to renaissance zones by \$600,000 GF/GP to reflect the amount necessary to fully fund the payments at \$5.3 million. In FY 2014-15 the renaissance zone reimbursements were prorated.	GF/GP	\$4,700,000	\$600,000
<b>8. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>(\$159,400)</b>
Reflects net cost reduction of \$159,400 Gross (\$14,200 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially determined retirement rates, and other economic adjustments.	Federal	NA	(131,400)
	Restricted	NA	(13,800)
	GF/GP	NA	(\$14,200)

### **Major Boilerplate Changes From FY 2014-15**

#### **Sec. 208. Personnel Records – DELETED**

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

#### **Sec. 211. Adequate Yearly Progress (AYP) – REVISED**

Currently requires MDE to allow districts to appeal a determination of failure to meet AYP prior to MDE reporting those results and that MDE act within 30 days. Revises to remove MDE's 30 day timeline. Changes MDE's requirement to allow a school or district to appeal the school designation, and revises such that those appeals shall be "addressed" rather than "currently required considered and decided upon" before designations may be published.

#### **Sec. 216. 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. 218. 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. 220. 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. 233. Request for Proposals – DELETED**

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.

#### **Sec. 234. Performance Measures – DELETED**

Requires MDE to report a list of specific benchmarks intended to measure the performance or return on taxpayer investment of each new program or program expansion for which funds appropriated in part 1 are greater than \$500,000. Requires the department to provide an update on program progress and expenditures as it relates to those benchmarks by November 1, 2014.

#### **Sec. 235. Contract Notification – DELETED**

Requires MDE to notify the House and Senate before entering into a contract that exceeds \$1.0 million or seeking a federal waiver from, or amending the federal waiver from, the No Child Left Behind Act of 2001.

**Sec. 236. Nonpublic School Mandates – DELETED**

Requires MDE to compile a report that identifies mandates required of nonpublic schools by April 1, 2015.

**Sec. 302. Travel Expenditures – DELETED**

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

**Sec. 408. Carry Forward of Programmatic Service Funds – NEW**

Allows the Michigan schools for the deaf and blind to carry forward funds available for expenditure into the next succeeding year for the low incidence program; conferences, workshops, and training classes; and the use of specialized equipment, facilities, and software for required services.

**Sec. 502. Student Teaching Credits – DELETED**

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

**Sec. 702. Educator Evaluations – DELETED**

Stipulates that funds appropriated in part 1 for educator evaluations and assessments shall not be expended unless HB 5223 and HB 5224 are enacted.

**Sec. 703. Educator Evaluation Guidelines – NEW**

States that the funds appropriated for educator evaluations (Section 115) be based on classroom observations and student growth metrics to identify target professional development opportunities for educators. Requires that the outcomes and performance measures be focused towards math and reading testing, as well as third grade reading proficiency.

**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. 805. MPSERS Funds for District Libraries – DELETED**

States that funds appropriated in part 1 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 received 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.

**Sec. 806. State Aid to Libraries – Early Literacy Focus – NEW**

Requires the department to utilize the increased funding for state aid to public libraries in support to local library operations and programming for early literacy and third grade reading proficiency.

**Sec. 901. Federal and Private Grants – DELETED**

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

**Sec. 1001. Number of Childcare Providers – DELETED**

Requires a report by November 1, 2014 on the number of childcare providers (by type) receiving payment for childcare services on October 1, 2014.

**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 2013-14 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. 1004. Child Development and Care (CDC) Program Expansion – NEW**

Requires the department to expend increased funding for the Child Development and Care (CDC) program on increasing the number of low-income children in high quality early learning programs, increasing the number of children ready for school at kindergarten entry, and increasing the number of children who are reading at grade level by the end of third grade.

**Sec. 1201. FY 2015-16 Appropriation – DELETED**

Expresses intent that FY 2015-16 appropriations are anticipated to be the same as FY 2014-15 appropriations, except for adjustments for changes in caseloads, federal match rates, economic factors, and available revenue.