



## **Background Briefing**

# **DEPARTMENT OF EDUCATION**

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**December 2015**

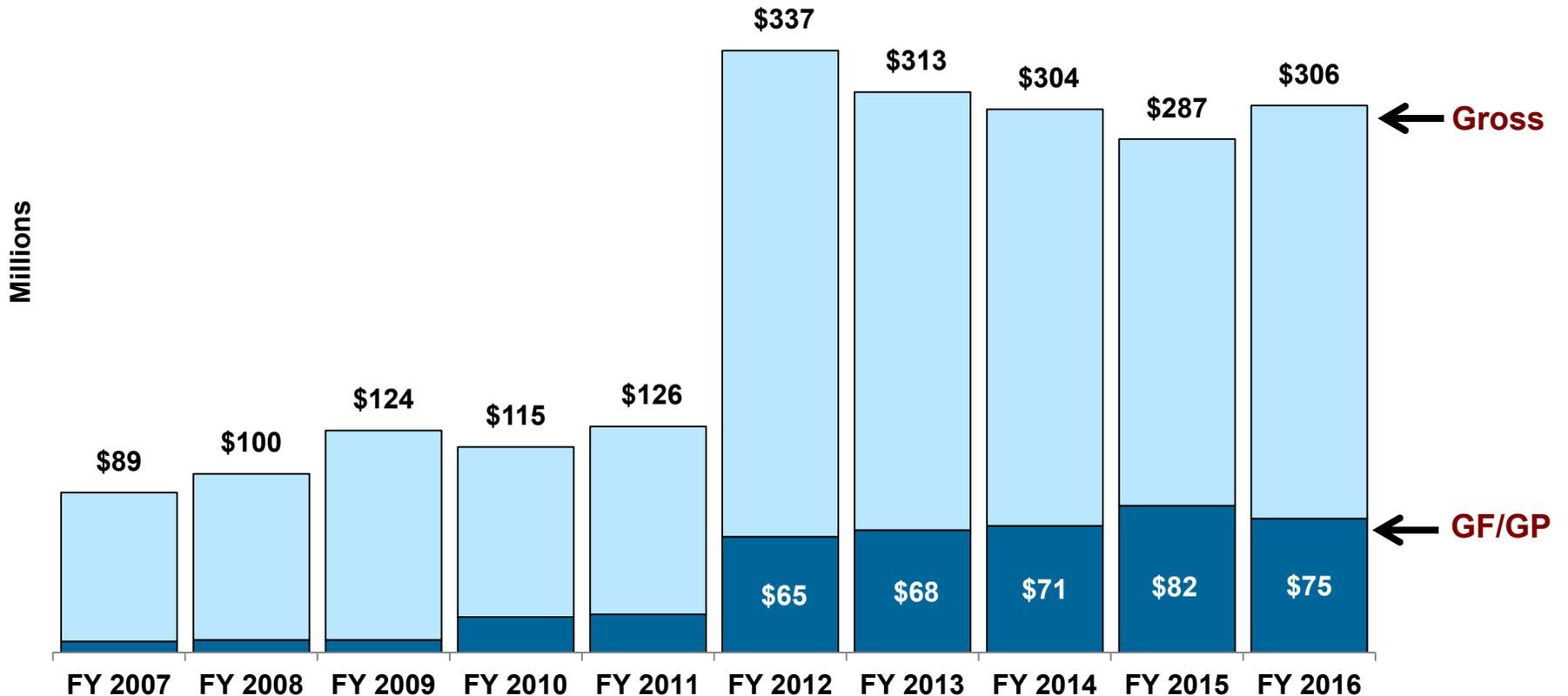
# State Board of Education

- “Leadership and general supervision over all public education, including adult education and instructional programs in state institutions...is vested in a state board of education. It shall serve as the general planning and coordinating body for all public education, including higher education, and shall advise the Legislature as to the financial requirements in connection therewith.”
- “The state board of education shall appoint a superintendent of public instruction whose term of office shall be determined by the board. He shall be chairman of the board without the right to vote, and shall be responsible for the execution of its policies. He shall be the principal executive officer of a state department of education which shall have powers and duties as provided by law.”

-- The Michigan Constitution  
Article VIII, Section 8

# Education: Gross Appropriations

Recent MDE budget changes have largely been driven by changes in the Child Development and Care (CDC) program. Reductions from FY 2012 to FY 2015 reflect declining CDC caseloads and corresponding decreases in federal funds and GF/GP. While FY 2016 also saw reductions in GF/GP support of the CDC matching funds, policy changes to the program increased its federal funding.



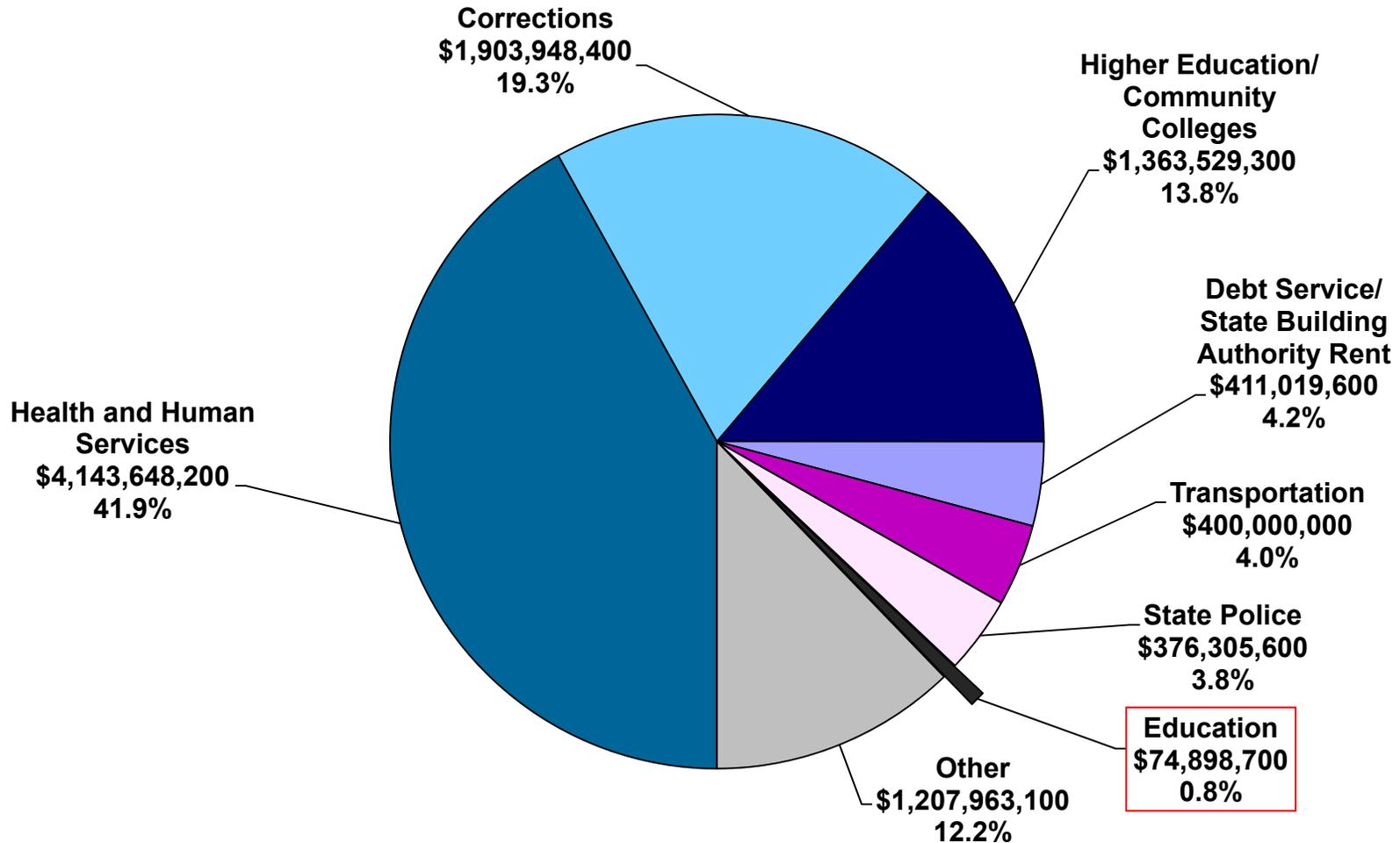
**Notes:**

- FY 2009 figures do not include \$925 million in one-time federal American Recovery and Reinvestment Act (ARRA) grants that were distributed to school districts through the Department of Education budget.
- The MDE appropriations have undergone significant change due to program transfers both in and out of the department. These transfers include, most recently, the state’s child development and care program (CDC) (FY 2011-12) and the Library of Michigan (FY 2009-10).

# Education Share of State GF/GP

The Department of Education budget represents 0.8% of the total state GF/GP budget

**FY 2015-16 GF/GP Total = \$9,881,312,900**

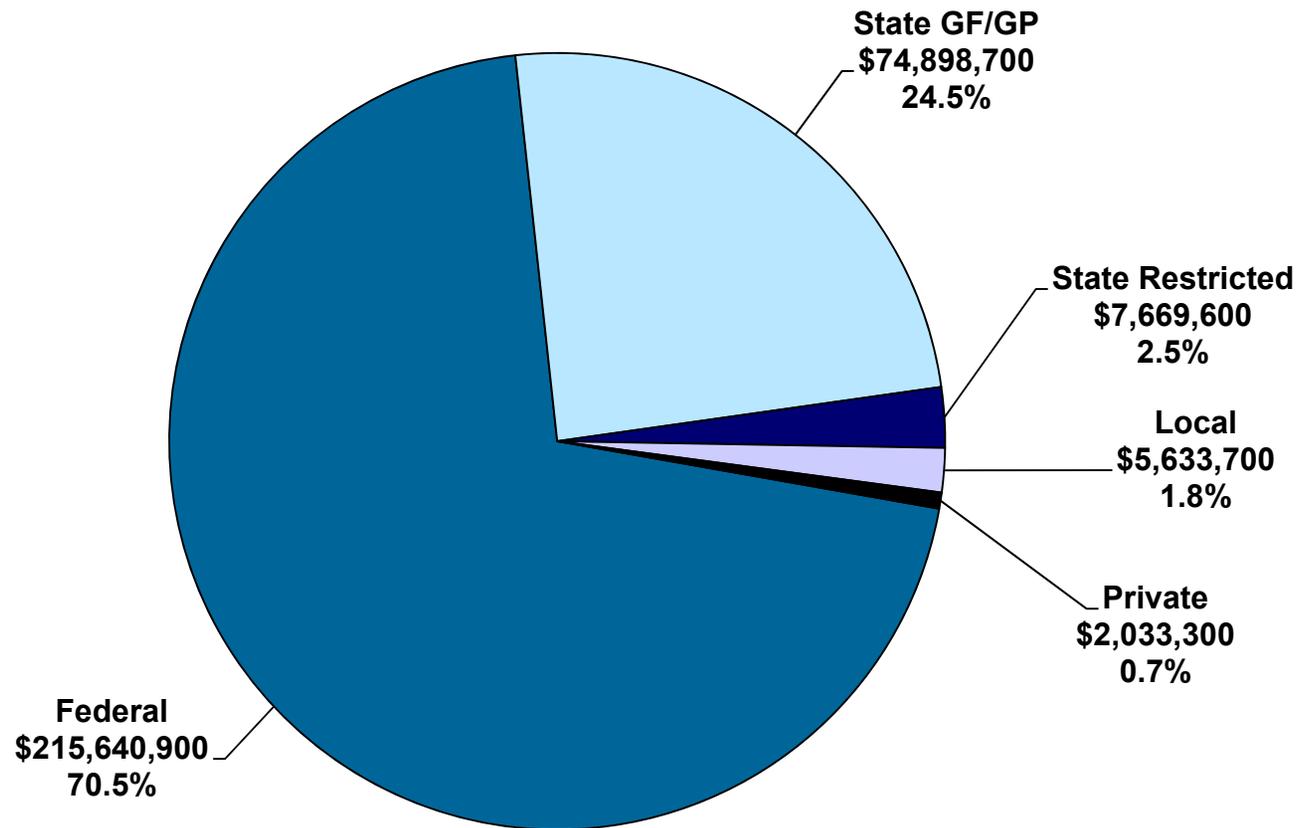


# **SOURCES OF FUNDING**

# Department of Education Funding Sources

Federal funds are the largest revenue source in the Department of Education budget.

**FY 2015-16 Education Budget = \$305,876,200**



# **APPROPRIATION AREAS**

# Department of Education Appropriations

## The Department of Education provides:

- Technical assistance to schools
- Curriculum and grade level content standards
- School accreditation standards
- Administration of state aid to school districts
- Education assessments development and administration
- Compliance with federal “No Child Left Behind” Act
- Teacher certification and professional development
- Grants to schools and local educational organizations
- Clearinghouse for school safety issues
- Library of Michigan services to state government and the public
- Administration of state aid to public libraries
- Child day care subsidies

# Department of Education Appropriations

- **State Board of Education/Office of the Superintendent (\$2.9 million)**
  - Administrative staff in support of the State Board and Superintendent including a Deputy Superintendent for Administration, governmental affairs staff and other support staff
  - Board Per Diem payments, as authorized by 1964 PA 187, set in boilerplate
  
- **Central Support (\$7.5 million)**
  - Covers accounting, budget development, personnel management, and communications activities for the Department
  - Handles centralized building costs for the Department
  
- **Information Technology Services (\$4.2 million)**
  - Provides technical support services to the Department, local school districts, and the Center for Educational Performance and information (CEPI)
  
- **Special Education Services (\$8.9 million)**
  - Administers education and early intervention programs and services for young children and students with disabilities
  - Identification, evaluation, and provision of programs to meet individual educational needs

# Department of Education Appropriations

- **Michigan Schools for the Deaf and Blind (\$13.3 million)**
  - Located in Flint, delivers educational and residential services to students who are hearing or visually impaired
  - Provides technical assistance and resources to local districts funded partially through cost-sharing
  
- **Professional Preparation Services (\$5.7 million)**
  - Assures that professional school personnel complete quality training and professional development programs
  - Teacher certification, oversight of teacher preparation institutions
  
- **Michigan Office of Great Start (\$174.2 million)**
  - Administers both early childhood education programs in School Aid budget and the child development and care programs
  - Includes \$124.2 million for child care assistance payments
  
- **State Aid and School Finance Services (\$1.9 million)**
  - Administers School Aid funding to districts
  - Counsels districts on school finance and tax policy issues, financial accounting, and pupil accounting
  - Oversees school district deficit elimination plans

# Department of Education Appropriations

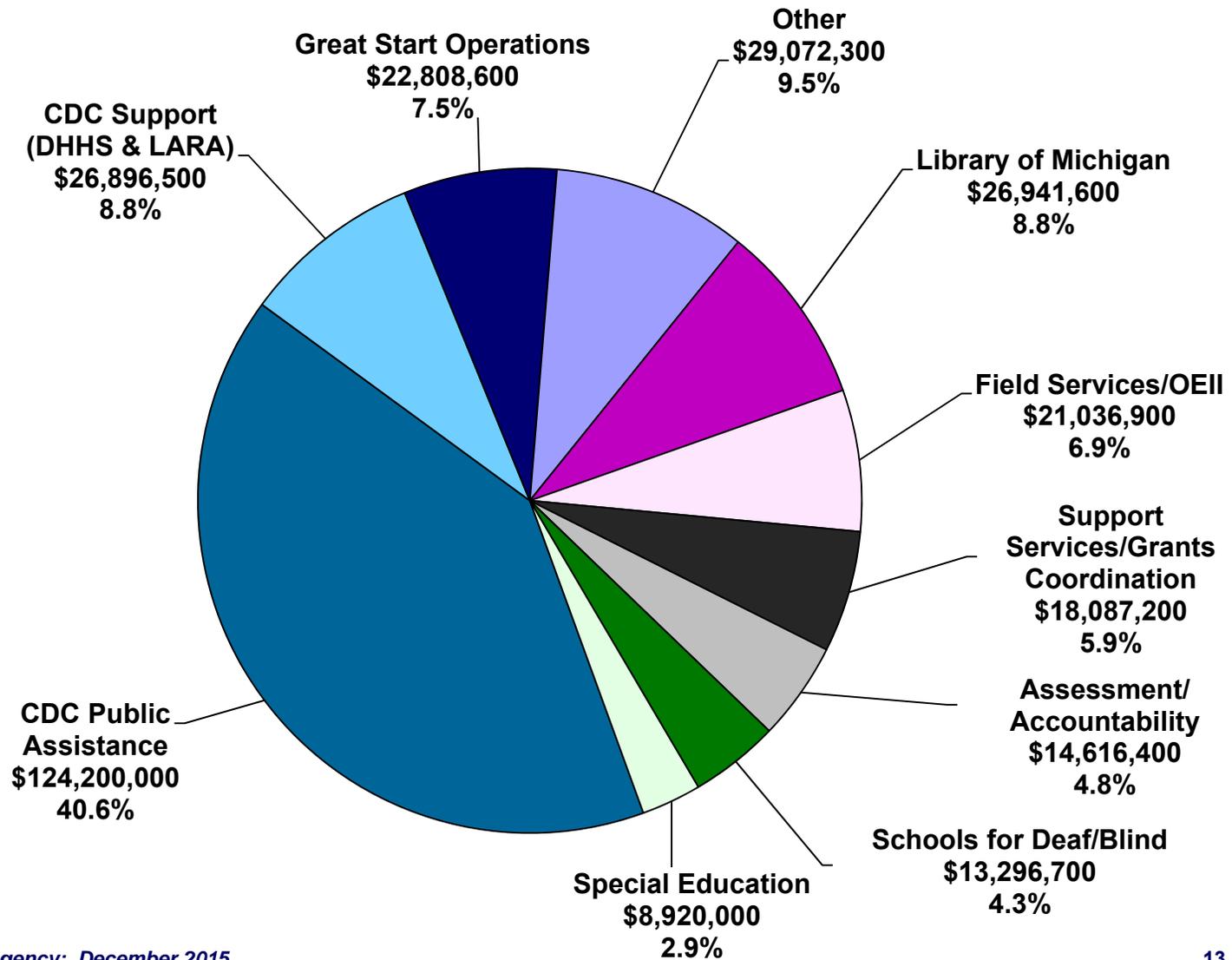
- **Audit Services (\$0.6 million)**
  - Auditing and technical assistance to districts on financial and pupil accounting
  - Conducts desk reviews and quality control reviews of audit reports.
  
- **Administrative Law Services (\$1.3 million)**
  - Hearings concerning teacher tenure, property transfer, teacher certification, pupil membership audits
  - Selection and training of special education hearing officers
  
- **Accountability Services (\$14.6 million)**
  - Develops, administers, analyzes and reports on M-STEP, Merit Examination, and other assessments
  - School district accountability and accreditation
  
- **School Support Services (\$18.1 million)**
  - Administers federal and state grants including Food and Nutrition programs, school health and safety, and transportation

# Department of Education Appropriations

- **Field Services (\$9.2 million)**
  - Oversight of federal Elementary and Secondary Education Act (ESEA) Title I (Disadvantaged Children) and Title II (Teacher Quality) grant funds and state At-Risk categorical grants
  - Develops district needs assessments and school improvement plans
- **Educational Improvement and Innovation Services (\$11.9 million)**
  - Responsible for curriculum development, online learning requirements and standards, and school improvement services
  - Operates a unit to oversee and assist Public School Academies
- **Career and Technical Education Services (\$4.7 million)**
  - Manages secondary career and technical education programs, including oversight of courses and program providers
- **Library of Michigan (\$26.9 million)**
  - Provides reference services to the Executive, Legislative, and Judicial branches of government, as well as to the general public
  - Maintains a collection of books, state and federal government publications, and Michigan periodicals
  - Distributes State Aid to libraries, federal Library Services and Technology Act Funding, and renaissance zone reimbursements to public libraries

# Department of Education Appropriations

FY 2015-16 Education Budget = \$305,876,200



# **MAJOR BUDGET TOPICS**

# FY 2015-16 Budget Highlights

*The following CDC budget highlights provide full-year funding for three policy changes implemented mid-year in FY 2014-15 supplemental HB 4112 (PA 6 of 2015).*

- **Child Development and Care (CDC) – Increase Exit Threshold:**
  - Provides a total of \$1.5 million federal CCDF for full-year implementation to raise the exit threshold for determining CDC eligibility from 121% to 250% of the federal poverty level
  
- **Child Development and Care (CDC) – 12-month Continuous Eligibility:**
  - Provides a total of \$16.0 million federal CCDF for full-year implementation to allow 12-month continuous child eligibility regardless of income after enrollment for CDC public assistance
  
- **Child Development and Care (CDC) – Increasing Provider Rates for Tiered Reimbursement:**
  - Provides a total of \$6.1 million federal CCDF for full-year implementation to increase provider reimbursement rates for the high-quality licensed and registered programs as defined by the Great Start to Quality provider rating system

# FY 2015-16 Budget Highlights

- **Child Development and Care (CDC) – Additional Child Care Licensing Consultants:**
  - Increase of \$5.6 million federal CCDF to the interdepartmental grant to Licensing and Regulatory Affairs (LARA) to increase the number of Child Care Licensing (CCL) consultants by 39.0 FTEs
  
- **Child Development and Care (CDC) – IDG to LARA:**
  - Increase of \$3.5 million federal CCDF to LARA to offset an equivalent amount of GF/GP that was originally in the DHS budget
  
- **Educator Evaluations:**
  - Provides \$2.5 million GF/GP for educator evaluations to fund staffing, compliance monitoring, and information technology systems modifications to implement SB 103 (PA 173 of 2015)
  
- **State Aid to Libraries:**
  - Increases state aid to libraries by \$1.0 million GF/GP for a total of \$9.9 million
  
- **Renaissance Zone Reimbursements to Libraries:**
  - 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 payments at \$5.3 million

# FY 2015-16 Budget Highlights

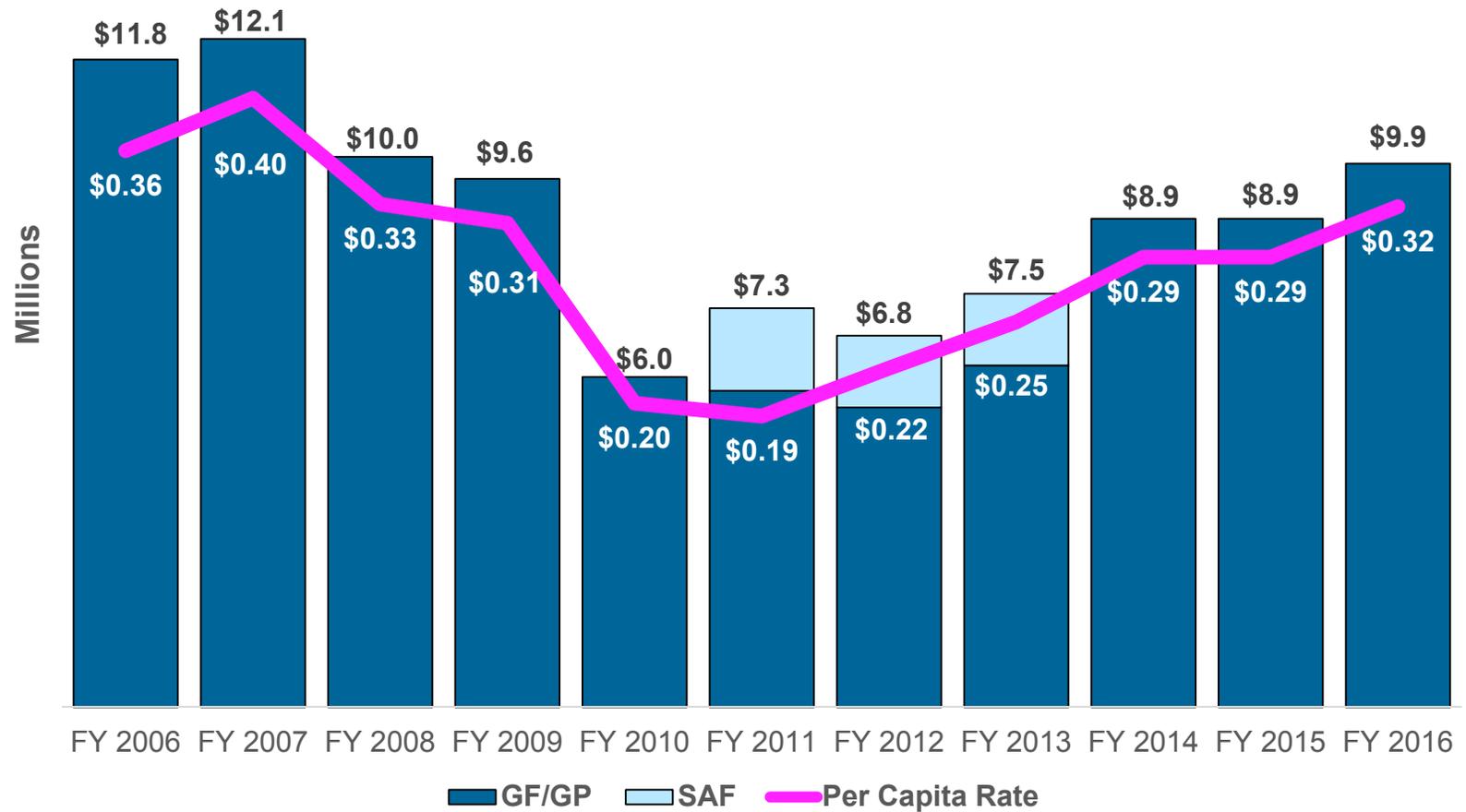
- **Financial Independence Team:**
  - Restores the original FY 2014-15 authorization of \$778,000 for the Financial Independence Team, which is tasked with implementing early warning systems for distressed schools in need of financial attention, after a mid-year reduction in supplemental HB 4112 included in the following two lines:
    - **State Aid and School Finance Services:**
      - Includes \$500,000 and 2.0 FTEs
    - **Educational Improvement and Innovation Services:**
      - Includes \$278,000 and 2.0 FTEs
- **Shift of School Reform Office (SRO) to DTMB:**
  - Reduces by \$2.4 million to reflect Executive Order 2015-9 which shifted SRO from MDE to DTMB

**LIBRARIES**

# Library of Michigan/State Aid to Libraries

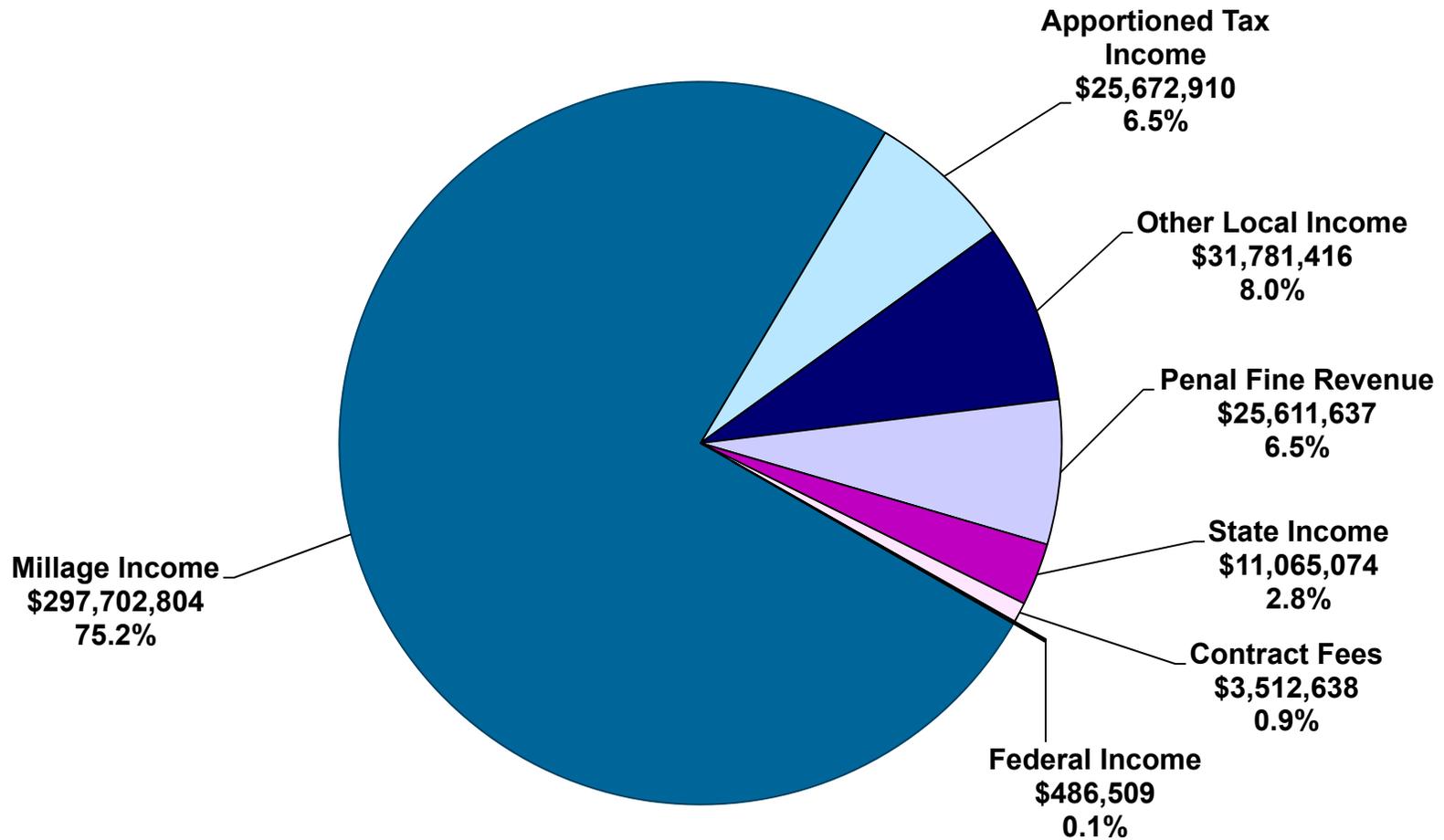
- **Transferred from the Department of History, Arts, and Libraries in FY 2009-10**
- **Supports the operation of the Library of Michigan (\$4.4 million GF/GP)**
- **Supports State Aid to Libraries (\$9.9 million GF/GP), based on:**
  - \$0.50 per capita to public libraries meeting minimum standards
  - \$0.50 per capita to public libraries for cooperative services
  - \$0.50 per capita to cooperative libraries
  - \$10/mi<sup>2</sup> to cooperative libraries with low population density
  - Reimbursement of up to \$4,800 for the director's salary for county libraries serving populations of less than 50,000
- **Minimum Standards for Public Libraries**
  - “Lawfully established” as a public library
  - Maintain local support equal to 3/10 mill
  - Personnel certification requirements set by Library of Michigan
- **State Aid payments are subject to proration based on available appropriations.**

# State Aid to Libraries

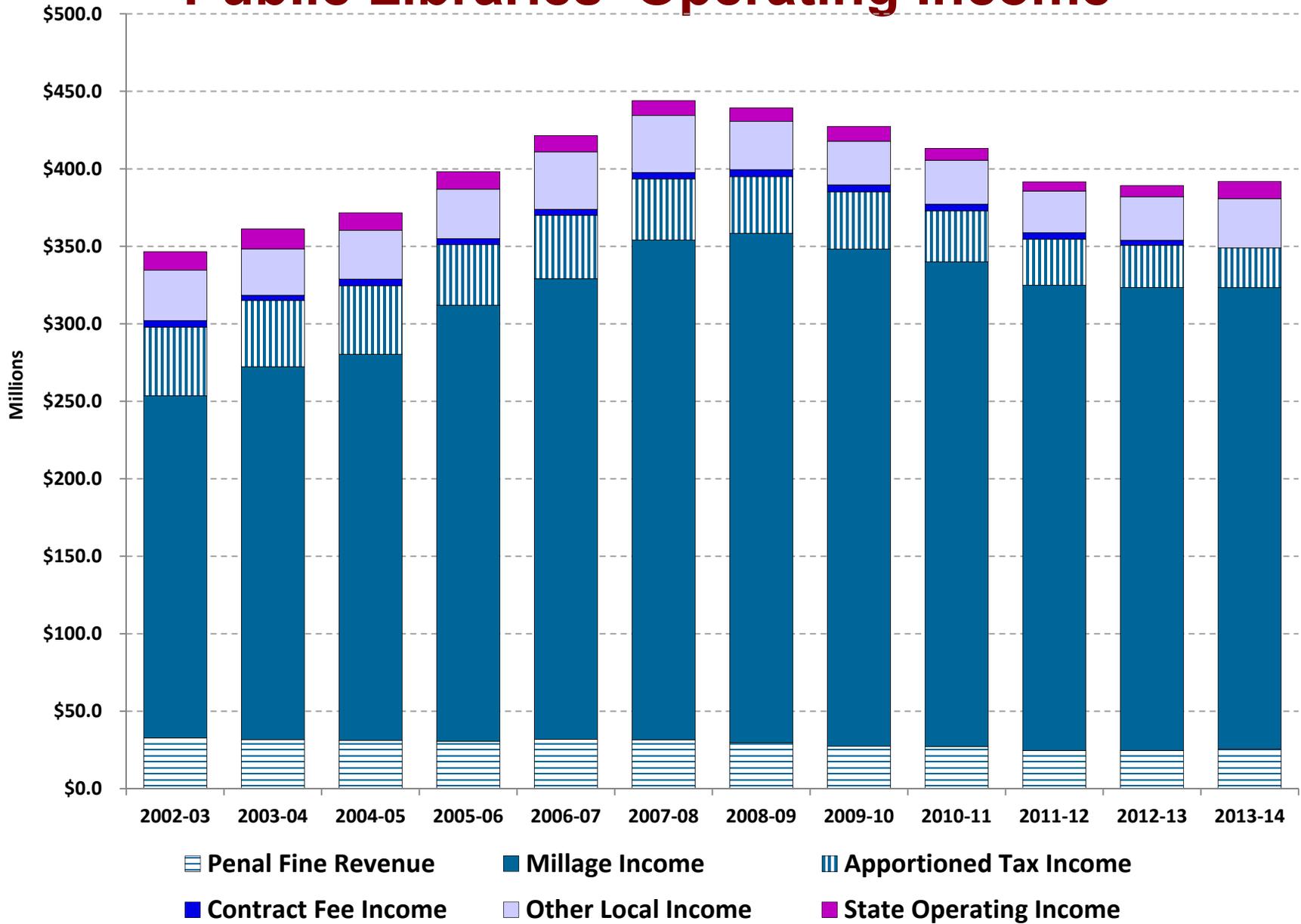


# Public Libraries' Operating Income

FY 2013-14 Total Operating Income = \$395,882,603

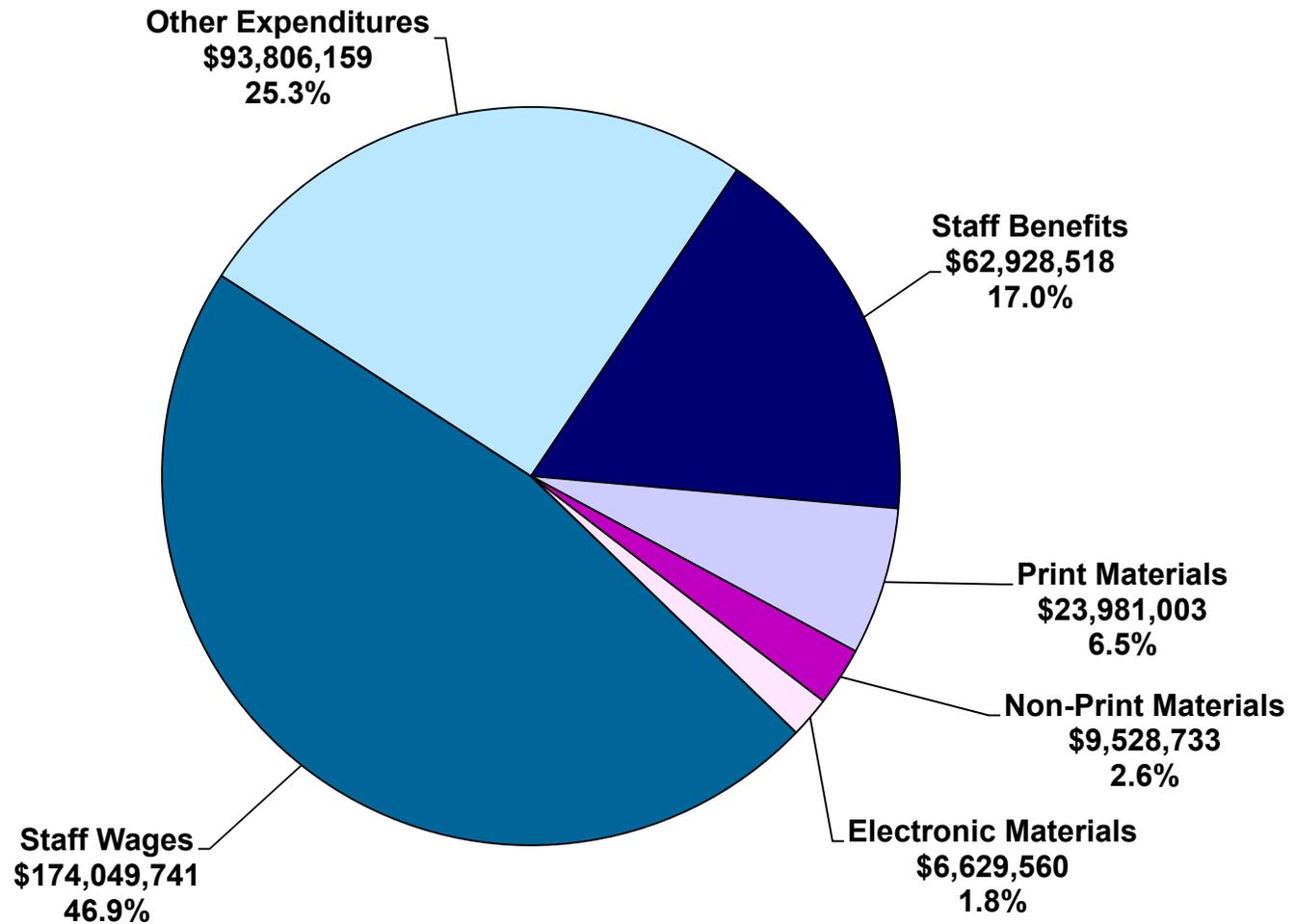


# Public Libraries' Operating Income



# Public Libraries' Operating Expenditures

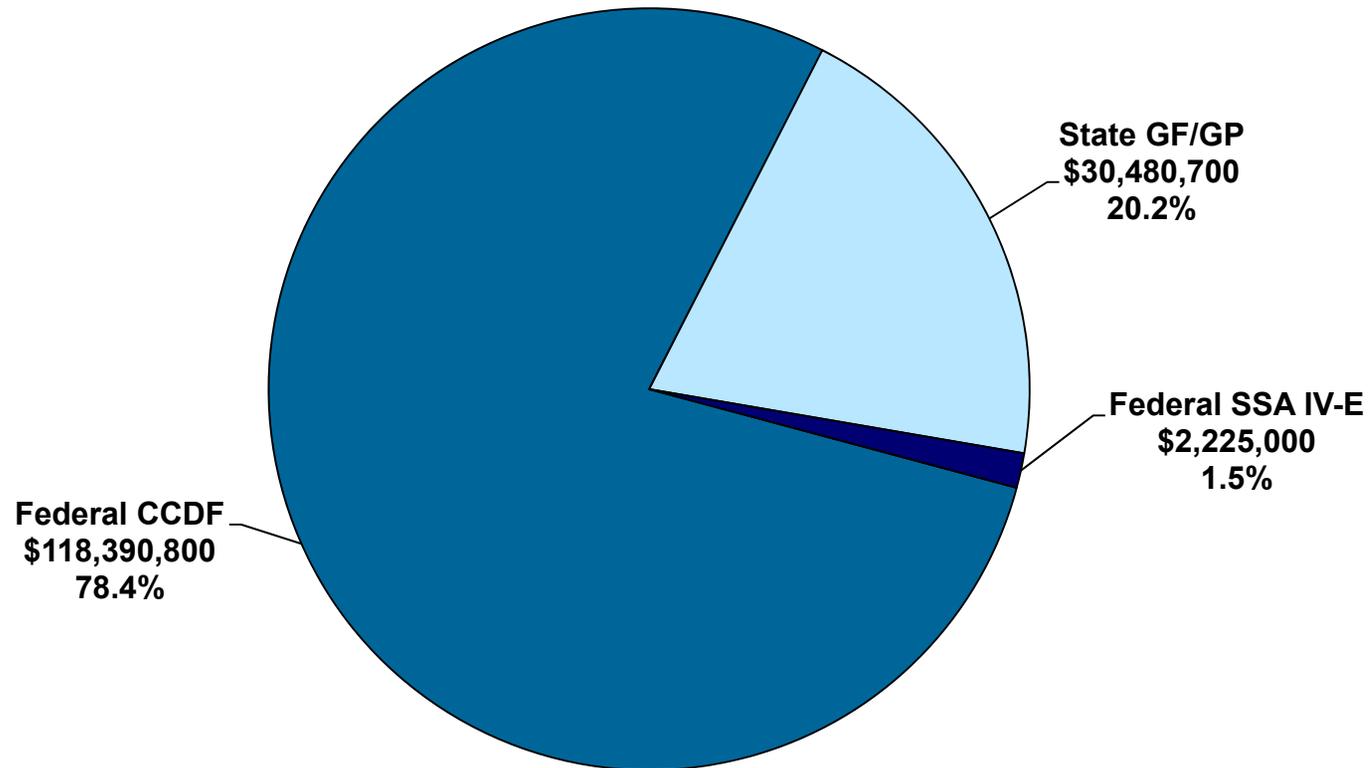
FY 2013-14 Total Operating Expenditures = \$370,923,714



# **CHILD DEVELOPMENT AND CARE (CDC) SERVICES**

# CDC Public Assistance Funding Sources

FY 2015-16 Total = \$151,096,500



# Child Development and Care (CDC) Services

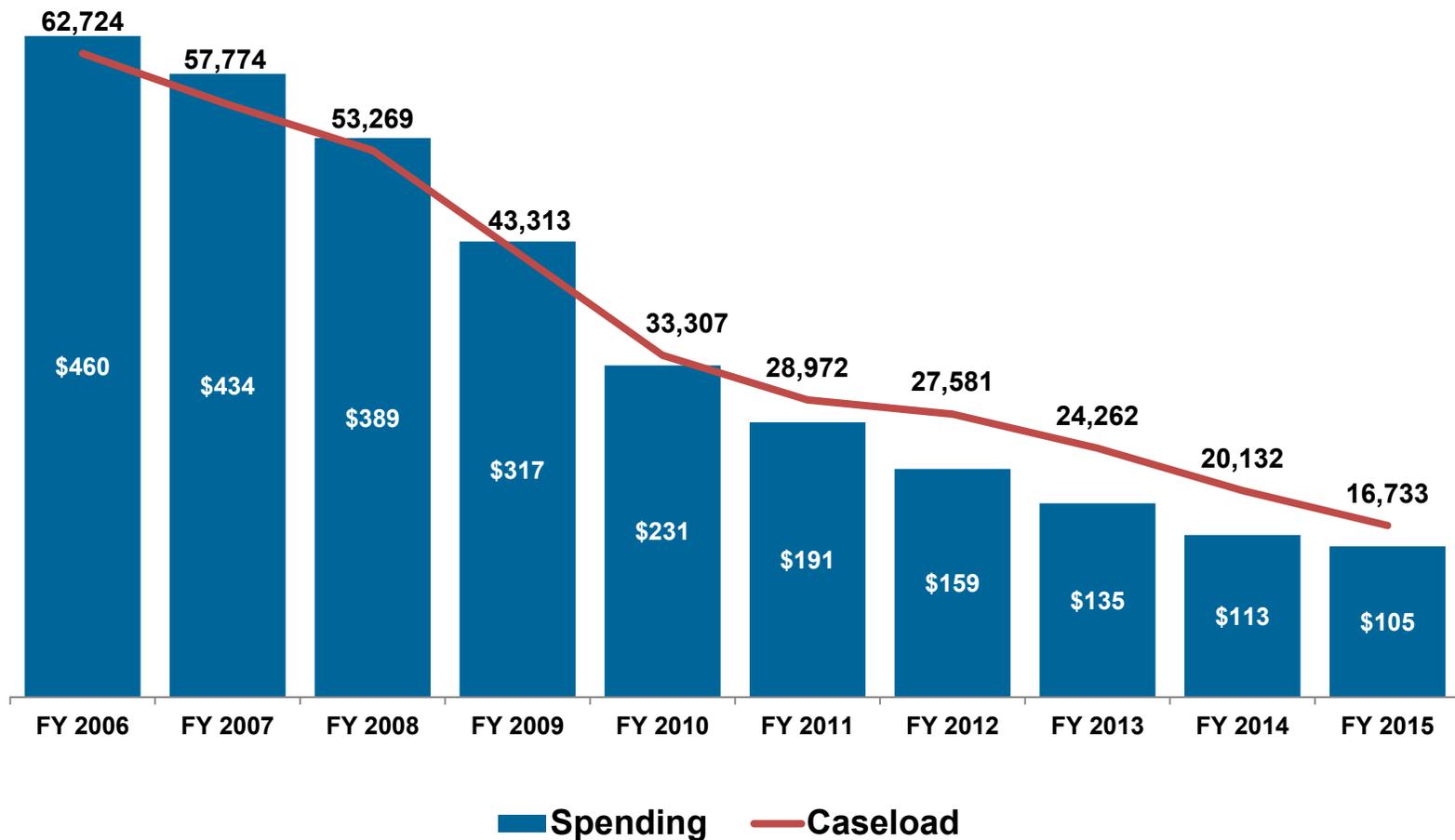
CDC services are provided for the financial assistance for child day care to qualifying families when the caretaker is unavailable due to employment, education, treatment of health/social condition, or other approved activity.

Michigan may establish its own eligibility guidelines/payment structure within the following federal guidelines.

- **Family Eligibility**
  - States may serve families already receiving federal and state assistance, as well as families with incomes up to 85% of state median income (based on a sliding scale for family size)
    - Michigan serves families with monthly income below \$1,990 for typical family of three, \$23,880 annually—around 40% of median income
    - Michigan categorically serves Family groups receiving Family Independence Program (FIP) assistance, foster care families, and families with protective service cases
- **Child Eligibility**
  - Federally, may serve children under age 13 (Michigan Concurs)
  - Federally, may serve children under 19 who are under court supervision or mentally or physically incapable of self-care (Michigan set at 18)
- **Provider Payments**
  - CCDF federal regulations recommend that states provide subsidies at the 75<sup>th</sup> percentile of market rate

# CDC Caseload and Spending Trends

(Spending in millions)



- Average monthly benefit is about \$522 (FY 15); average of 1.77 children per CDC case
- Maximum hourly rate of support varies depending on child's age and provider type

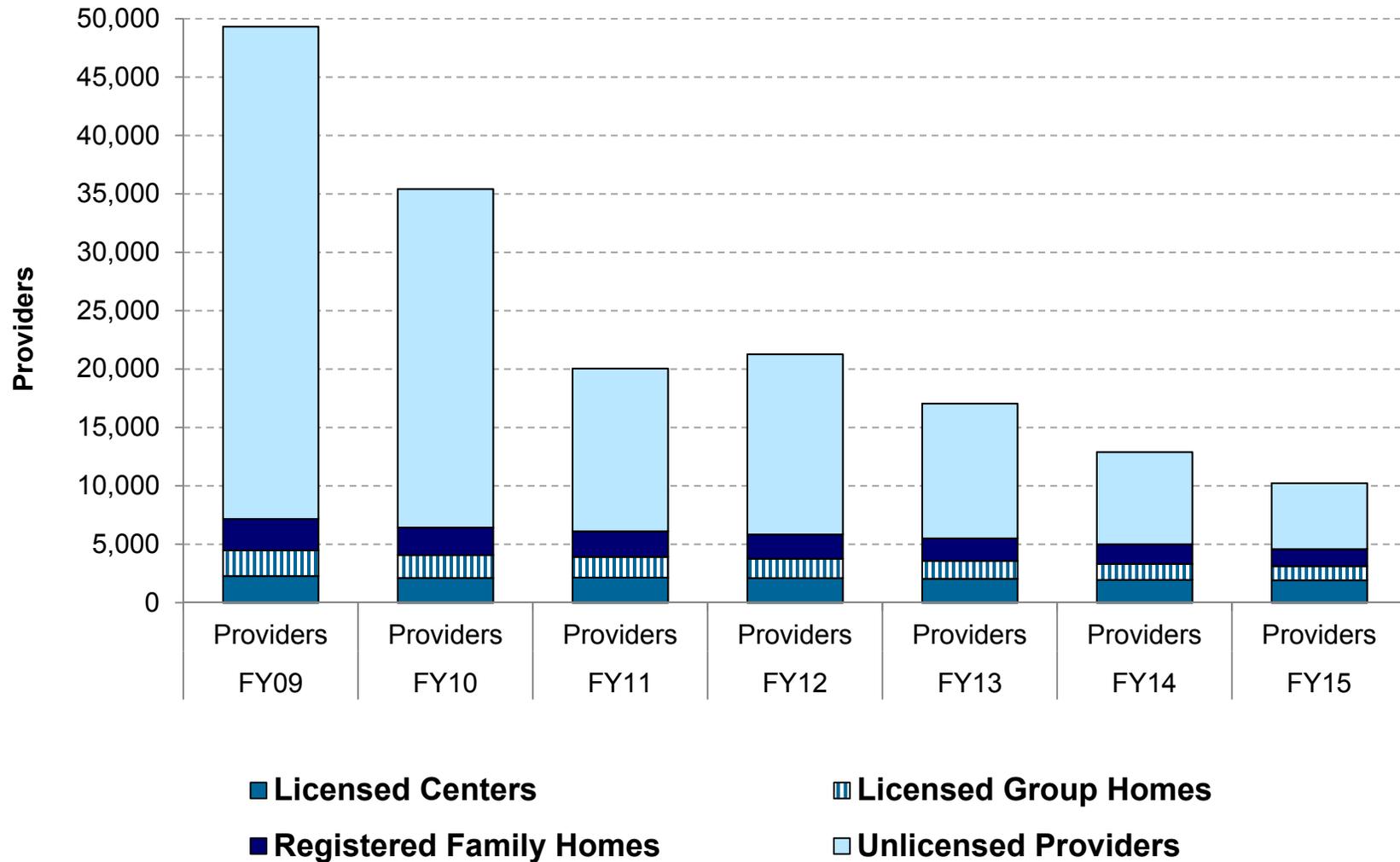
# Child Development and Care (CDC) Provider Types

- **Licensed Centers**
  - A facility, other than a private home, licensed to care for one or more children
- **Licensed Group Homes**
  - A private home licensed to care for up to 12 children at a time
- **Registered Family Homes**
  - A private home registered to care for up to six children at a time
- **Unlicensed Providers**
  - An adult who is 18 years or older and enrolled to provide child care for up to four children at a time (or six children, if all children are siblings or living at the same address)

# Child Development and Care (CDC) Provider Tiered Reimbursement FY 2015-16

	Infant/Toddler (Birth to 2 ½)		Preschool/School-Age (Over 2 ½)	
	Child Care & Preschool Centers	Group and Family Child Care Homes	Child Care & Preschool Centers	Group and Family Care Homes
Base Rate	\$3.75	\$2.90	\$2.50	\$2.40
2 Star Rate Additional \$0.25/hour	\$4.00	\$3.15	\$2.75	\$2.65
3 Star Rate Additional \$0.50/hour	\$4.25	\$3.40	\$3.00	\$2.90
4 Star Rate Additional \$0.75/hour	\$4.50	\$3.65	\$3.25	\$3.15
5 Star Rate Additional \$1.00/hour	\$4.75	\$3.90	\$3.50	\$3.40

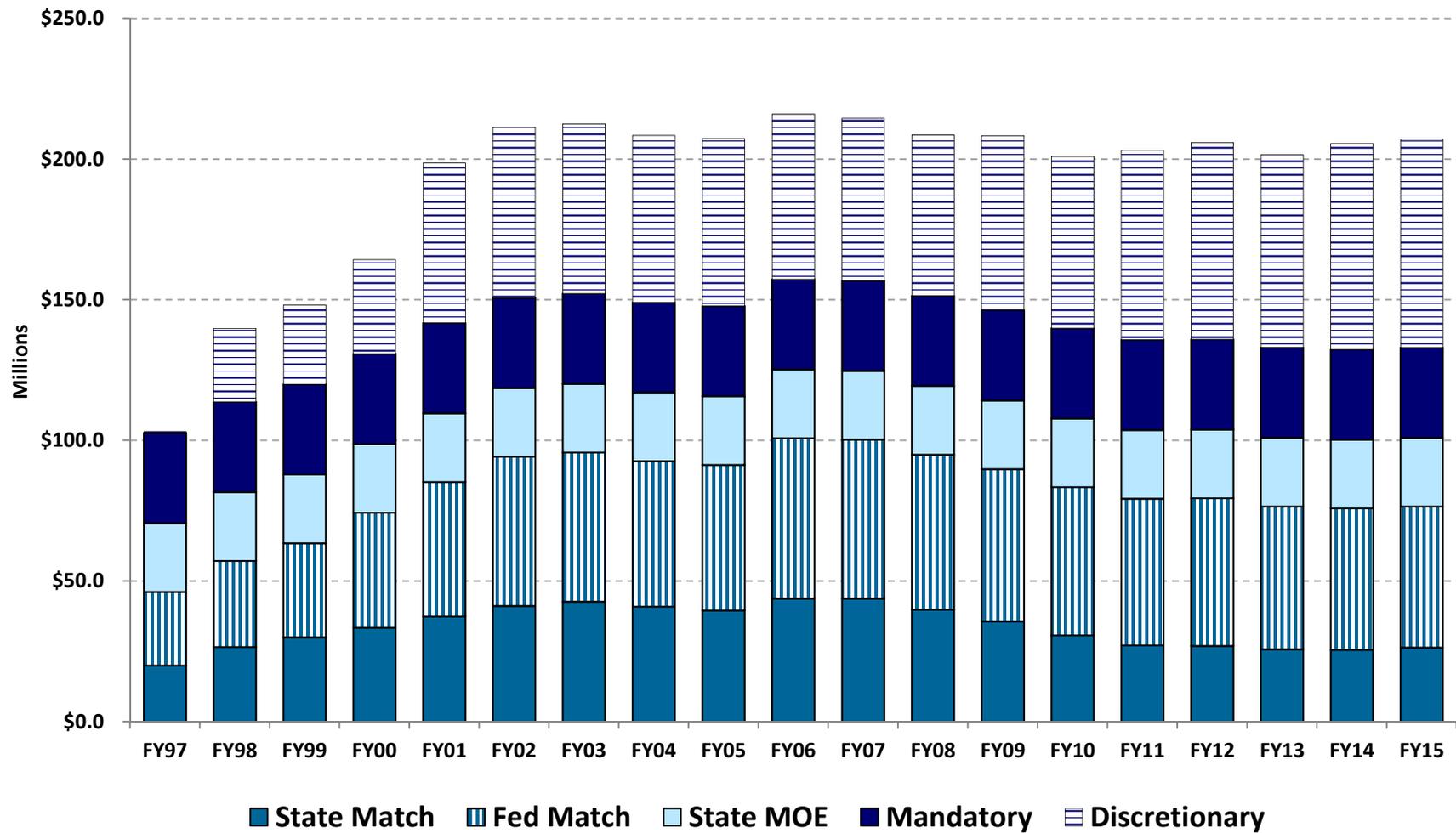
# Child Development and Care (CDC) Services Provider Type



# Child Development and Care (CDC) Services

- **Child Care Development Fund (CCDF)**
  - **Mandatory Funds (\$32.1 million)**
    - Federal Social Security Act, Section 418
    - Based on amount received for child care prior to 1996 welfare law
    - No match or maintenance of effort (MOE) required
  - **Matching Funds and MOE Level (\$100 million)**
    - Matched at current Medicaid match (FMAP) rates (65.54% in FY 2014-15)
    - Federal match (\$50.1 million)
    - State match (\$26.3 million)
    - State MOE required (\$24.4 million)
    - School Aid Budget At-Risk Program (Sec. 31a) and Great Start Readiness Program (GSRP) (Sec. 32d) funding used as match
  - **Discretionary Funds (\$74.1 million)**
    - Federal Child Care Development Block Grant (CCDBG)
    - No match or MOE required
    - Based on federal appropriation
    - Allocated based on children under age 5, children receiving free or reduced-price lunch, and state per-capita income

# Child Care Development Fund (CCDF)



Source: Dept. of Health and Human Services

**For more information about the  
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