



Background Briefing

DEPARTMENT OF EDUCATION

Mark Wolf, Senior Fiscal Analyst

December 2012

The fiscal information in this background briefing is based on data through December 31, 2012.

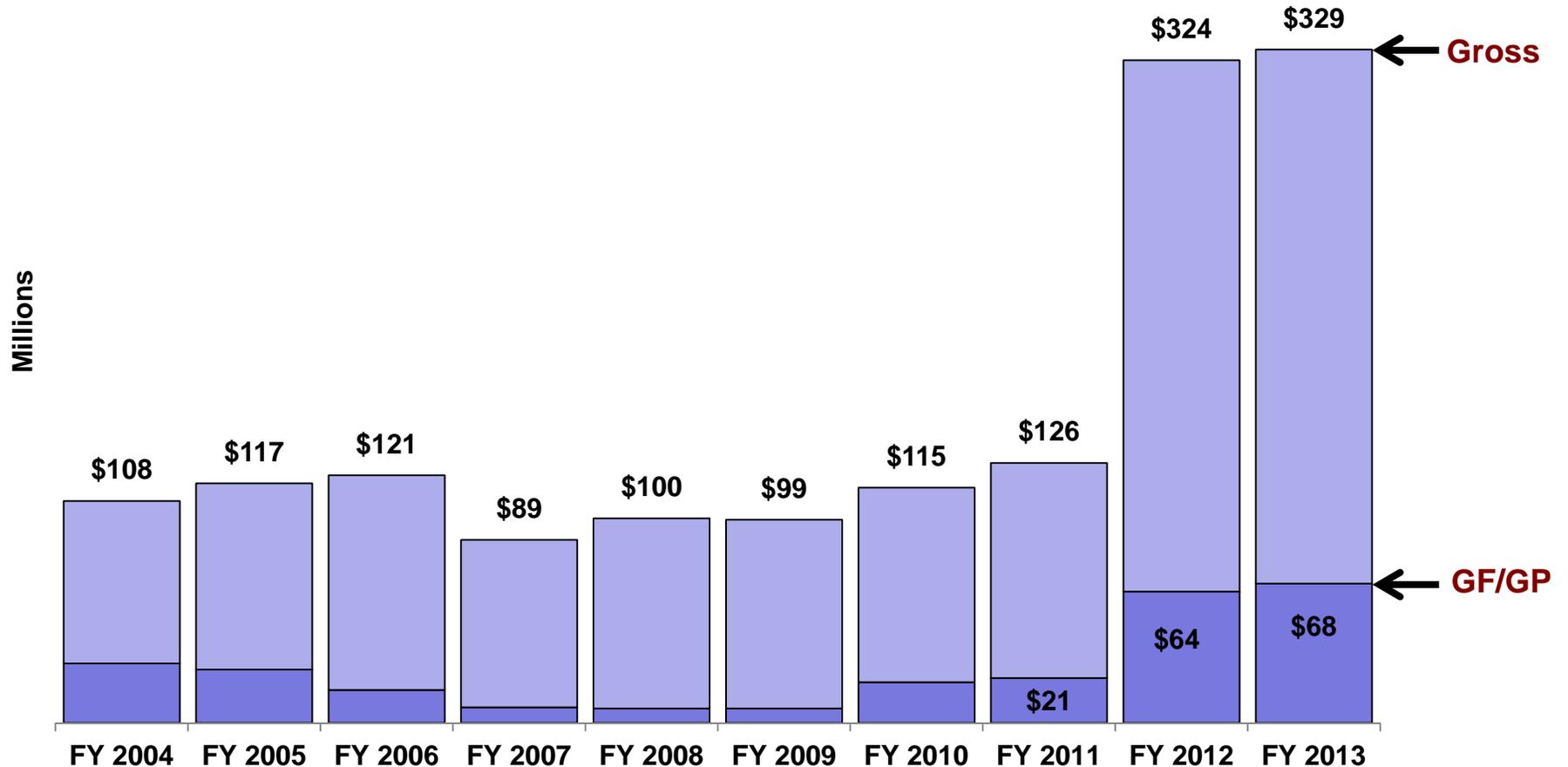
State Board of Education

- **“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

The Department of Education 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 (FY 2011-12), and the Library of Michigan (FY2009-10).

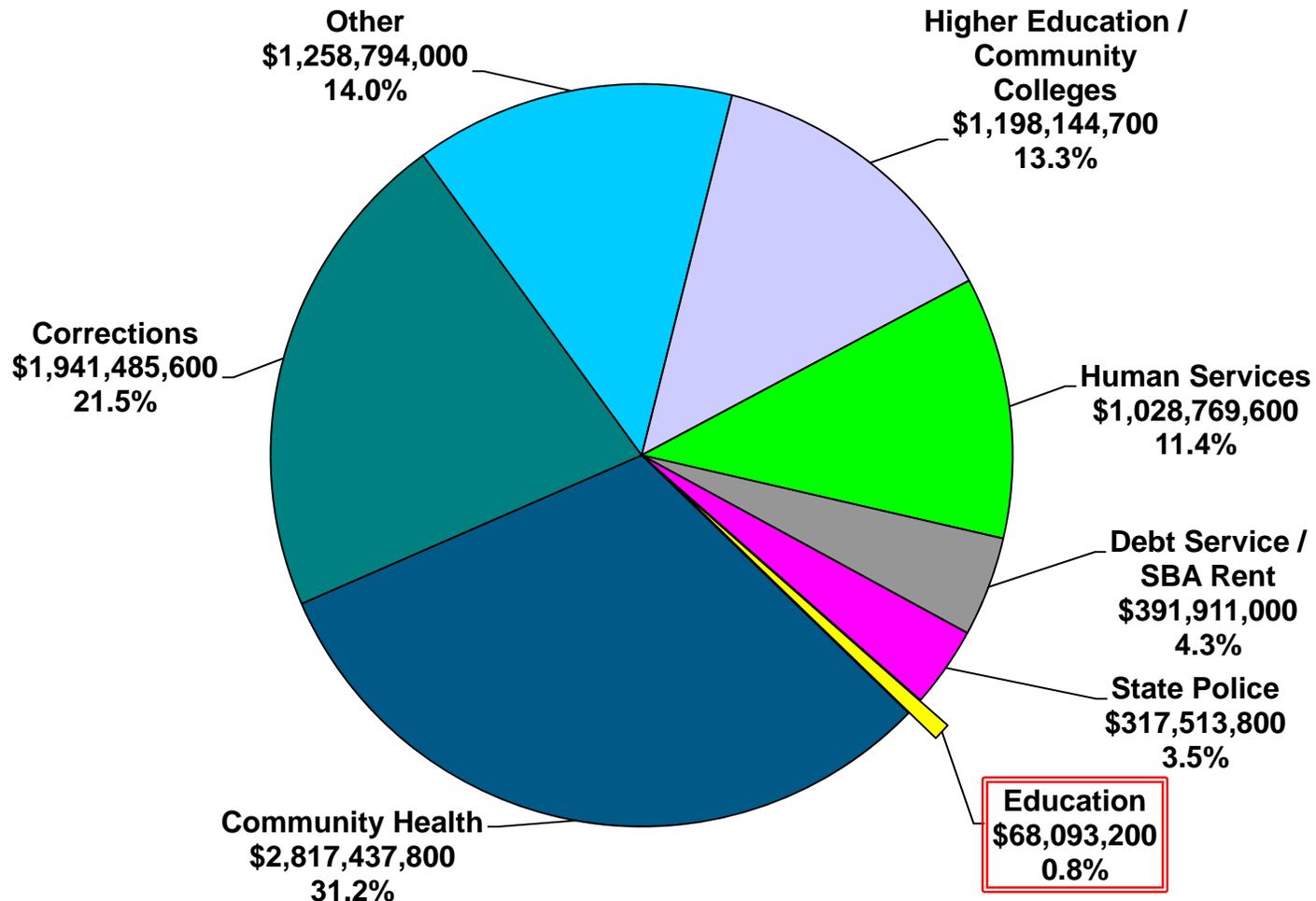


Note: FY 2009 figures do not include \$925 million in one-time federal American Recovery and Reinvestment Act (ARRA) grants that were distributed to school districts through the Department of Education budget.

Education Share of State GF/GP

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

FY 2012-13 GF/GP Total = \$9,022,149,700

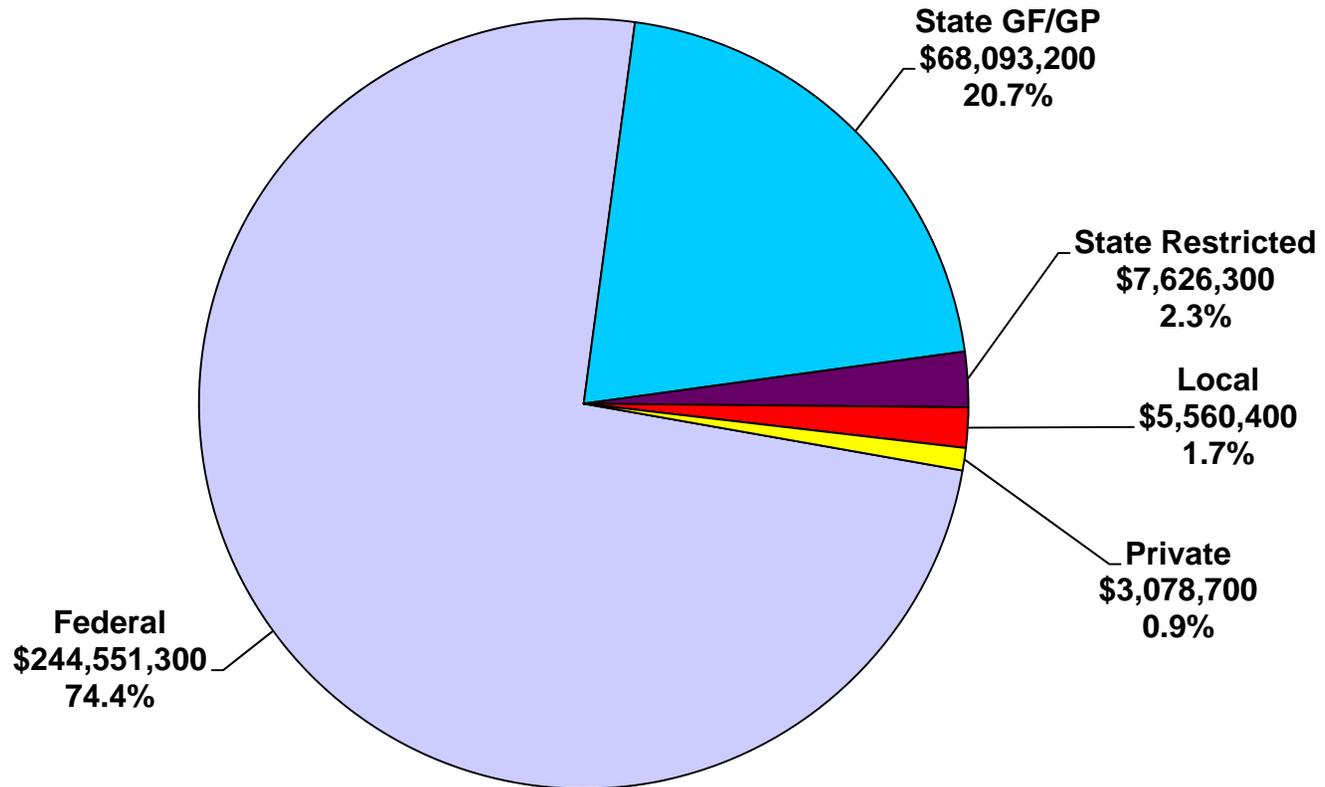


SOURCES OF FUNDING

Department of Education Funding Sources

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

FY 2012-13 Education Budget = \$328,909,900



DEPARTMENT APPROPRIATIONS

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

Total School Aid and Education Grant Appropriations: \$13,104.0 million

- **MDE Administration Appropriations: \$166.5 million**

Department of Education Appropriations

- **State Board of Education/Office of the Superintendent**
 - Administrative staff in support of the State Board and Superintendent including a Deputy Superintendent for Administration, and public and governmental affairs staff.
 - Per Diem payments, as authorized by 1964 PA 287, set in boilerplate

- **Special Education Services**
 - 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

- **Michigan School for the Deaf**
 - Located in Flint, the schools provide educational and residential services to students who are hearing impaired
 - Services funded partially through cost-sharing with local districts

- **Professional Preparation Services**
 - Assures that professional school personnel complete quality preparation and professional development programs
 - Teacher certification, oversight of teacher preparation institutions

Department of Education Appropriations

- **Great Start**
 - Consolidates early child education programs (MDE) and child care and development programs (formerly DHS)
 - Includes child care assistance payments

- **State Aid and School Finance**
 - 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

- **Audit Services**
 - Auditing and technical assistance to districts on financial and pupil accounting
 - Conducts desk reviews and quality control reviews of audit reports

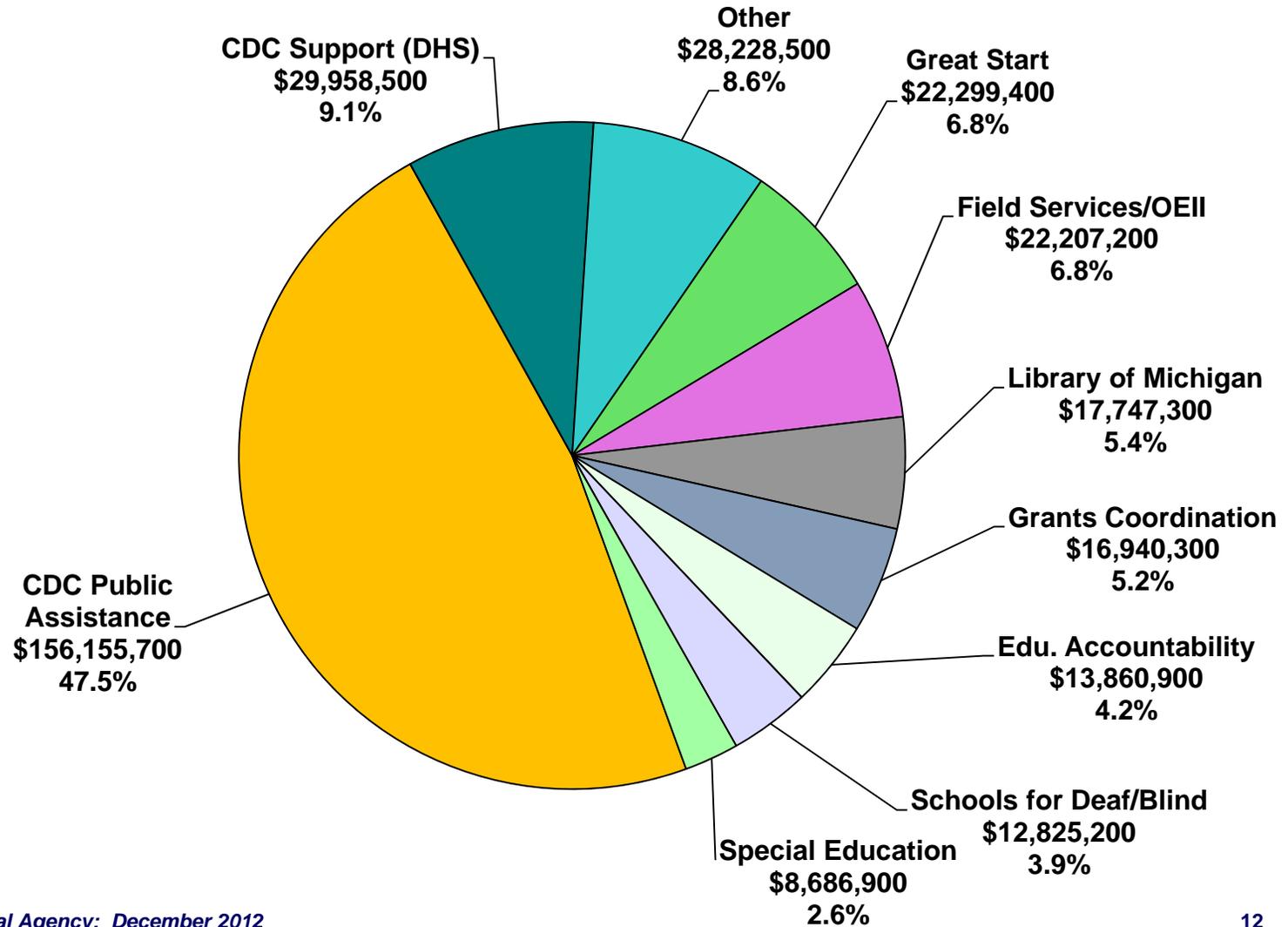
- **Administrative Law Services**
 - Hearings concerning teacher tenure, property transfer, teacher certification, pupil membership audits
 - Selection and training of special education hearing officers

Department of Education Appropriations

- **Educational Assessment and Accountability**
 - Administers MEAP, Merit Examination, and other assessments
 - School district accountability and accreditation
- **Grants Coordination and School Support Services**
 - Administers federal and state grants
 - Food and Nutrition programs
- **Field Services**
 - Oversight of ESEA Title I (Disadvantaged Children) and Title II (Teacher Quality) grant funds and At-Risk state aid categorical funds
 - Develops district needs assessments and improvement plans
- **Educational Improvement and Innovation Services**
 - Oversees online learning requirements and educational technology standards; coordinates usage of educational data
 - Public School Academy Unit
- **Career and Technical Education Services**
 - Oversees secondary career and technical education programs, including courses and program providers

Department of Education Appropriations

FY 2012-13 Education Budget = \$328,909,900



MAJOR BUDGET ISSUES

FY 2012-13 Budget Highlights

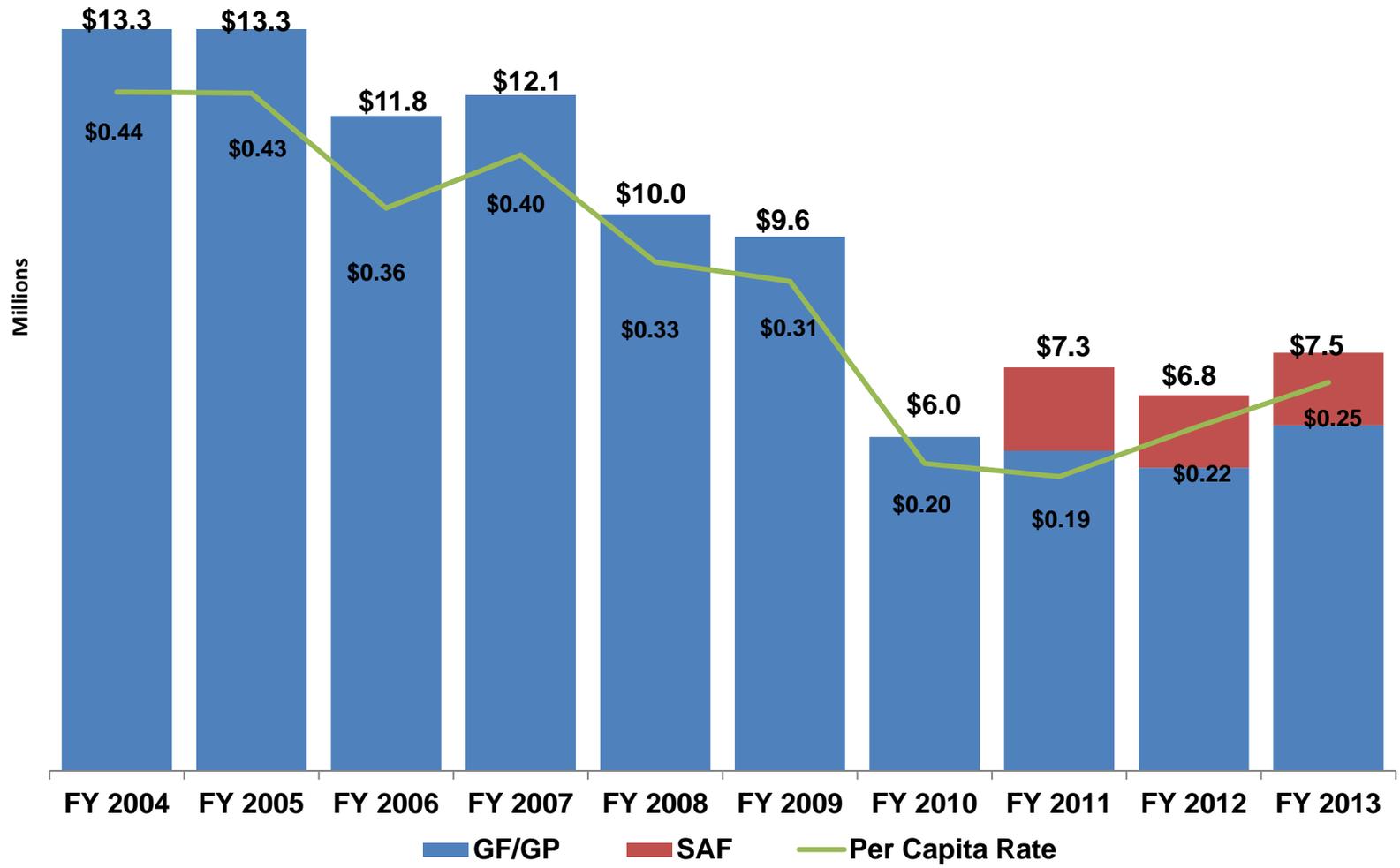
- **2.0 FTE positions for the Office of State Aid and School Finance**
 - Review of school district deficit elimination plans.
- **1.0 FTE position for the Bureau of Assessment and Accountability to**
 - Implement performance-based funding in the School Aid Budget
- **1.0 FTE position for the Office of Grants Coordination and School Support Services**
 - Implement educational technology grants in the School Aid budget
- **Additional \$762,300 GF/GP in State Aid to Libraries; \$800,000 GF/GP for the Michigan Electronic Library (MeL)**
- **2.0 FTE positions for the Office of Education Innovation and Improvement**
 - Oversight of charter schools
- **2.0 FTE positions to provide support services for the persistently lowest achieving schools (“priority” schools)**

Library of Michigan/State Aid to Libraries

- Transferred from the Department of History, Arts, and Libraries in FY 2010
- Supports the operation of the Library of Michigan (\$4.2 million GF/GP)
- Supports State Aid to Libraries (\$6.2 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/mi² 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.

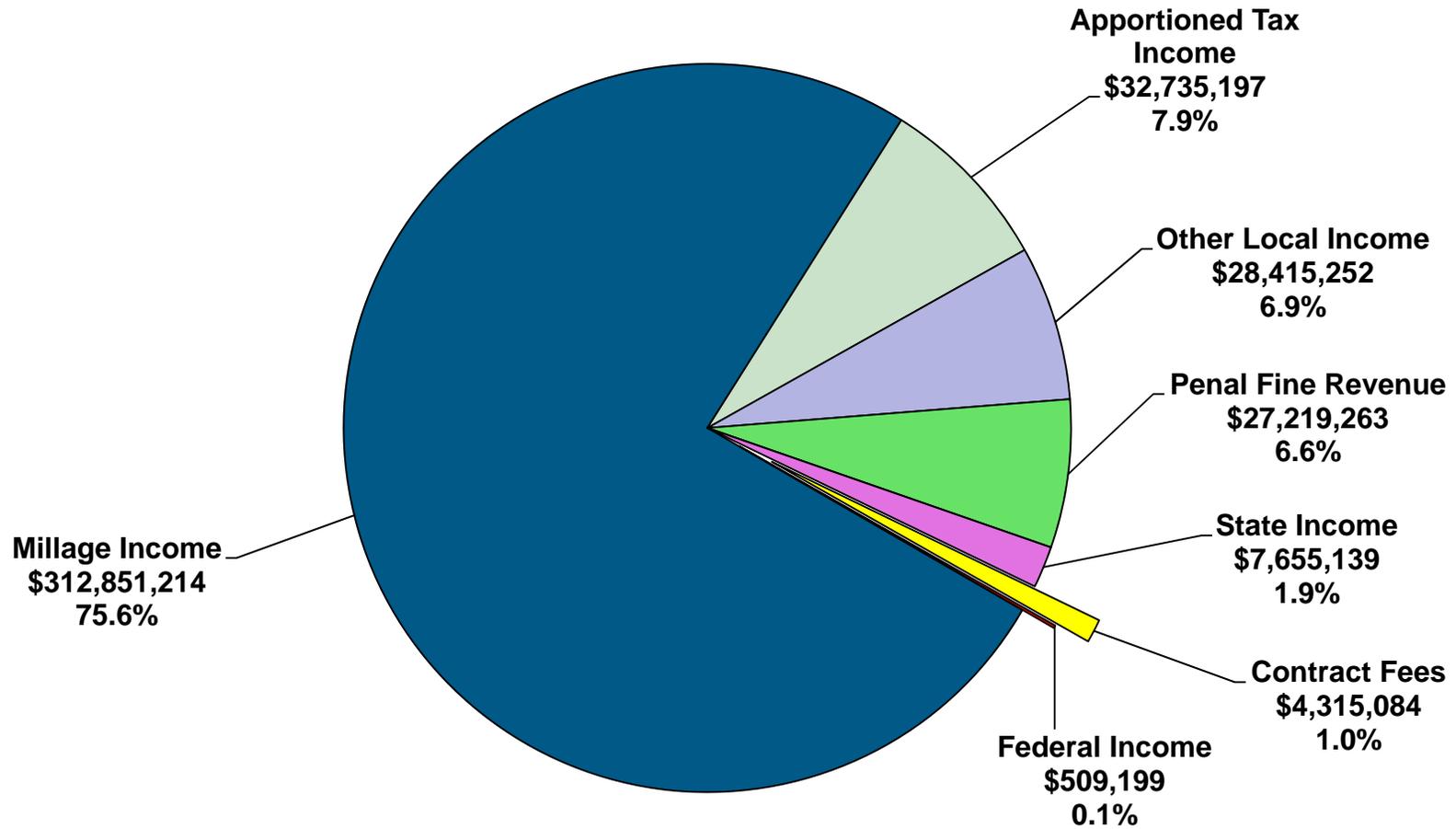
State Aid to Libraries

(Spending in Millions)



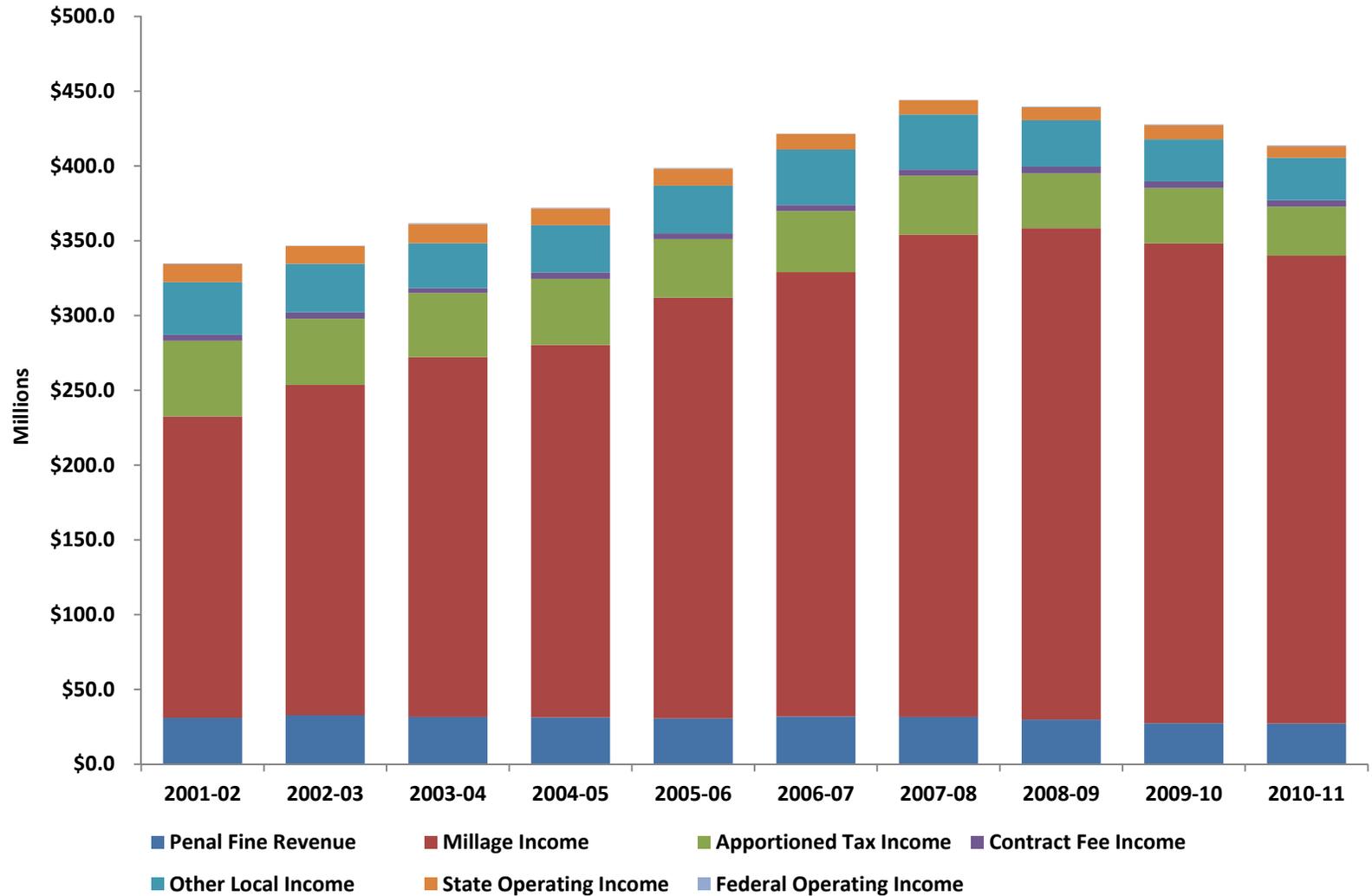
Public Libraries Operating Income

FY 2011 Total Operating Income = \$413,700,348



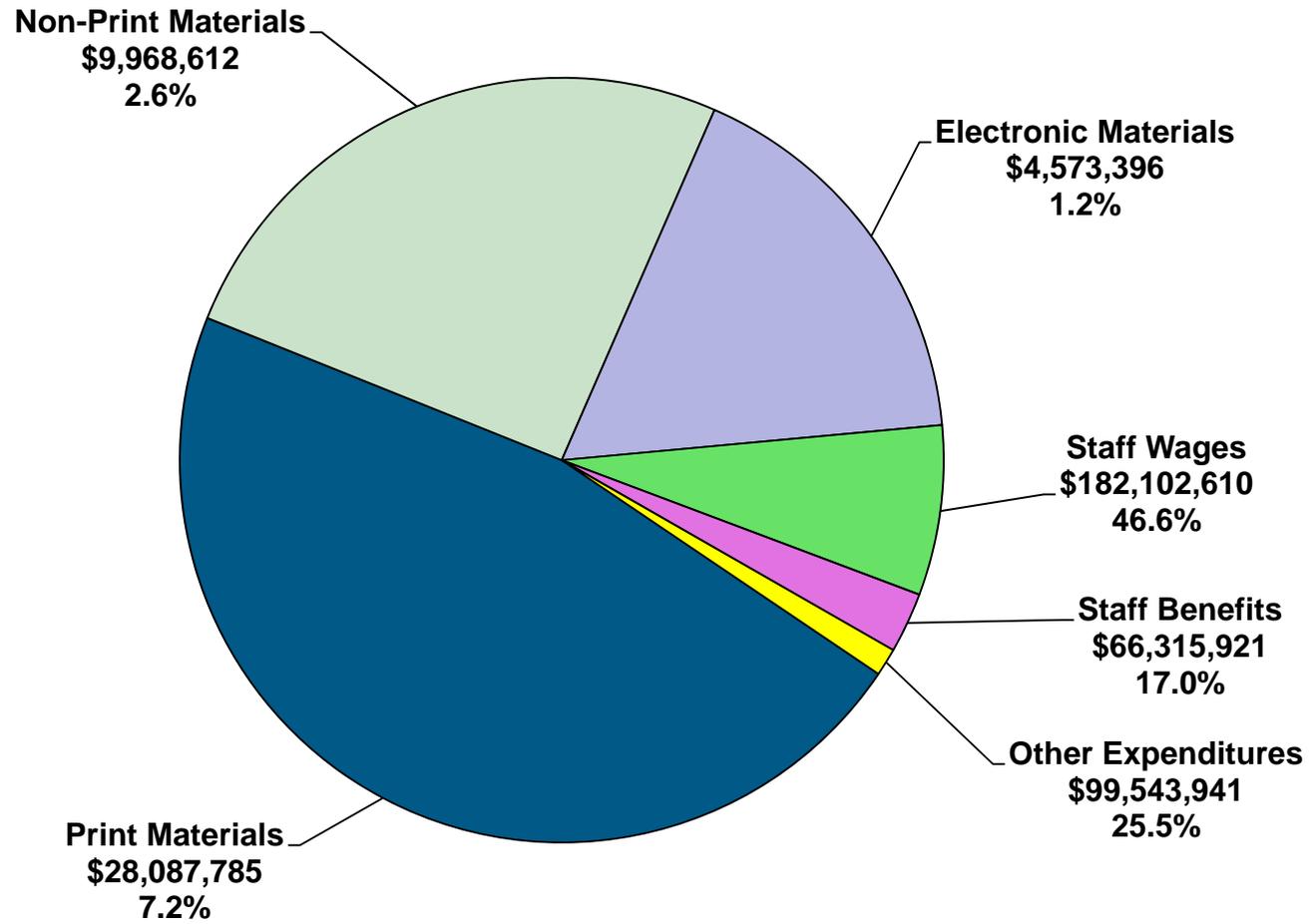
Public Libraries Operating Income

FY 2002 – FY 2011



Public Libraries Operating Expenditures FY 2002 – FY 2011

FY 2011 Total Operating Expenditures = \$390,592,265



Office of Great Start

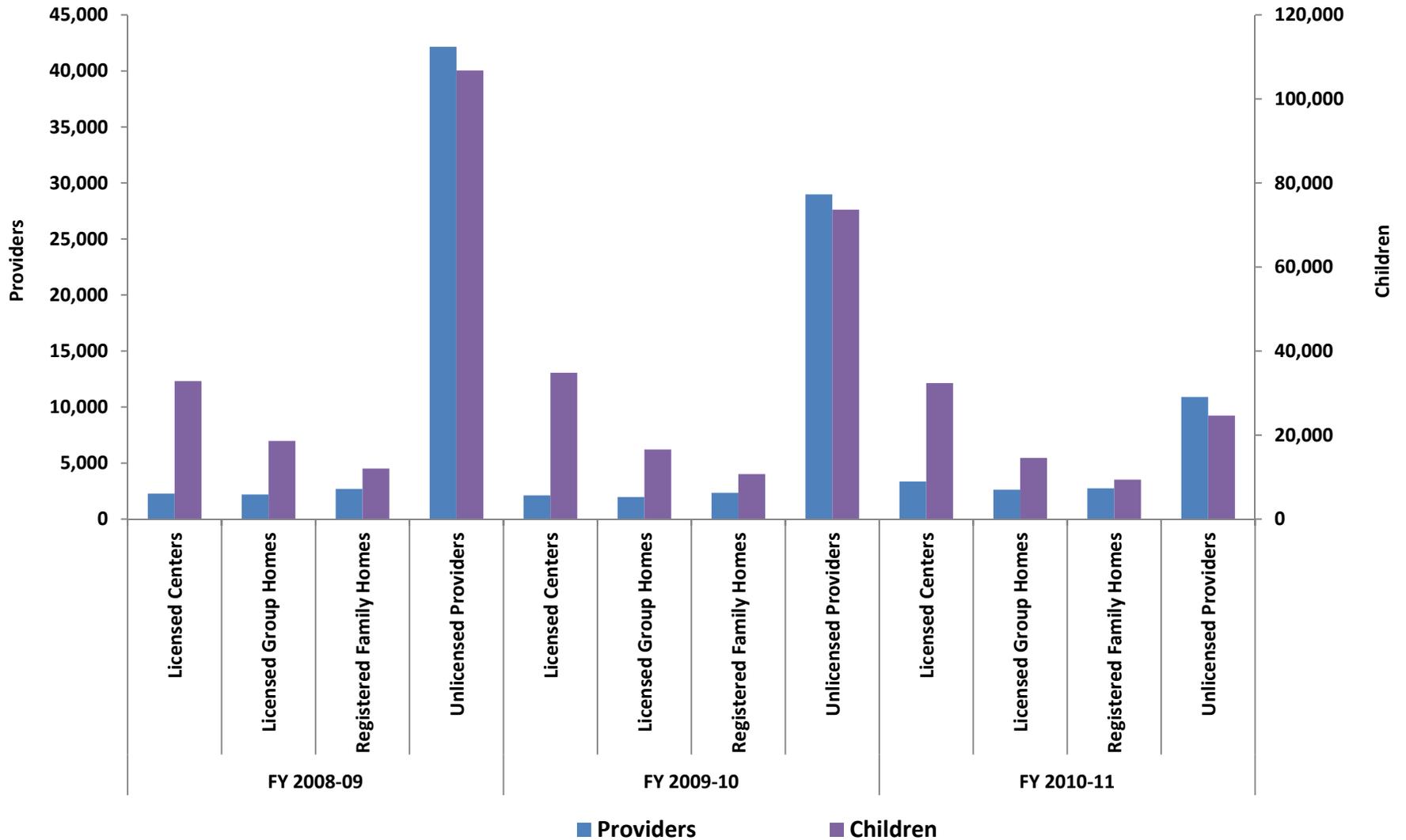
- **Established by Executive Order 2011-8**
- **Consolidates early child education programs of MDE with child care and development programs of DHS, including the transfer from DHS of:**
 - **Additional 36.0 FTE positions (FY 2012)**
 - **Additional \$206.2 million Gross (\$42.0 million GF/GP) (FY 2012)**
- **Responsibilities include**
 - **Great Start Readiness Program (GSRP)**
 - **Great Parents/Great Start and Great Start Collaboratives**
 - **Preschool Special Education**
 - **Early On**
 - **Head Start Collaboration Office**
 - **Child Care and Development (CDC) Program**
 - **Child care quality initiatives (in coordination with the ECIC)**
 - **Child care assistance payments to needy families**

Child Development and Care (CDC) Services

- **Financial assistance for child day care to qualifying families when caretaker is unavailable due to employment, education, or treatment of health/social condition**
- **Eligibility:**
 - **Family groups receiving Family Independence Program (FIP) assistance, foster care families, and families with protective service cases are categorically eligible**
 - **Other family groups must meet income eligibility requirements (monthly income below \$1,990 for typical family of three, \$23,880 annually—around 40% of median income)**
- **Federal law allows:**
 - **Use of Temporary Assistance for Needy Families (TANF) revenue for child care, and provides Child Care and Development Block Grant funds**
 - **States to serve families with incomes up to 85% of state median income for same-sized groups (must provide parents with “maximum choice” in selecting provider)**
- **Michigan can establish its own eligibility guidelines/payment structure**
- **Parents must be given maximum choice and flexibility to select a quality child care provider, including licensed centers and unlicensed (relative) providers.**

Child Development and Care (CDC) Services

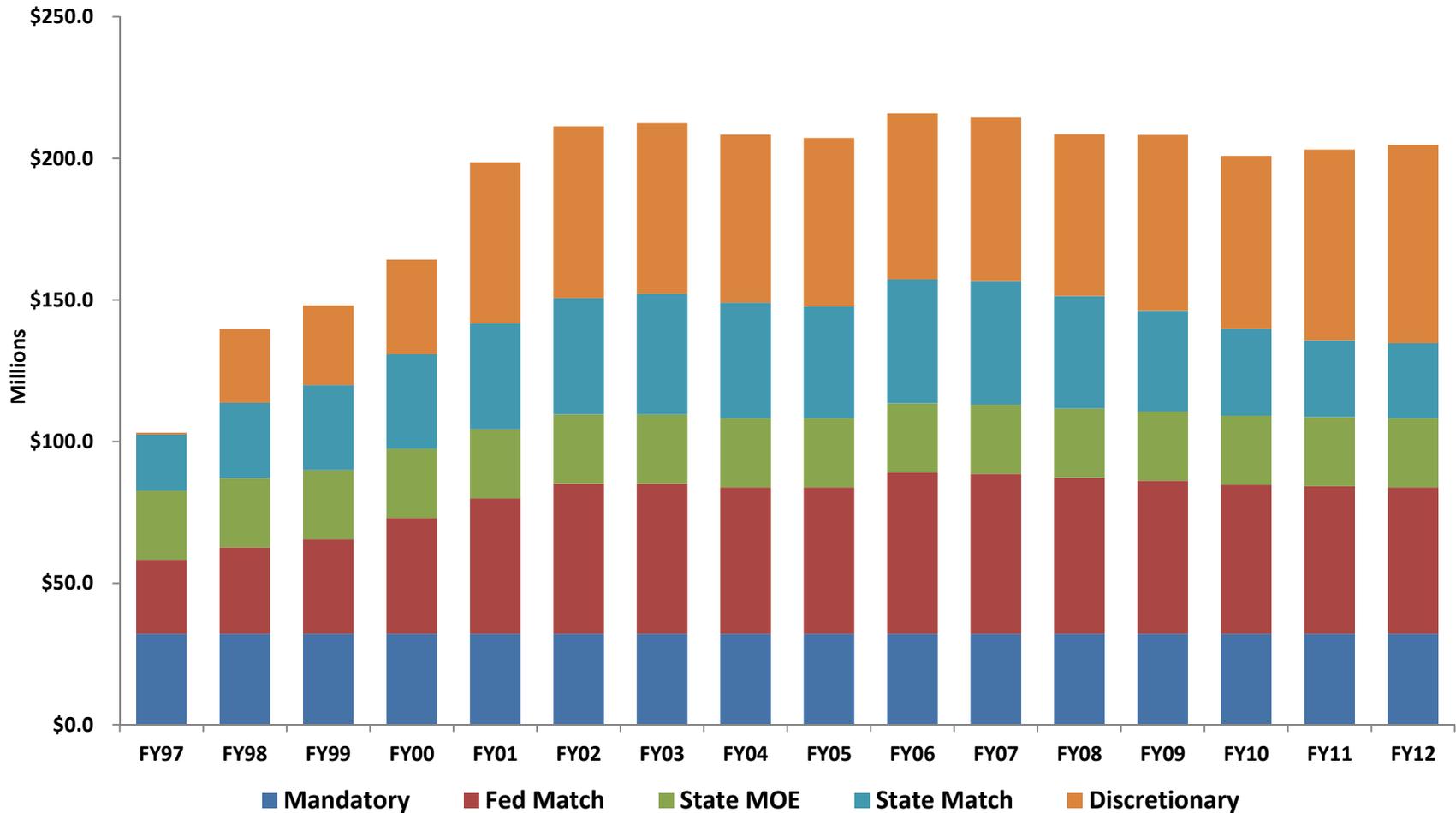
Providers and Children Served, by Provider Type



Child Development and Care (CDC) Services

- **Child Care Development Fund (CCDF)**
 - **Mandatory Funds**
 - **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**
 - **\$32.1 million**
 - **Matching Funds**
 - **MOE required (\$24.4 million for MI)**
 - **Matched at current Medicaid match (FMAP) rates (66.39% in FY13)**
 - **School Aid At-Risk (Sec. 31a) and GSRP (Sec. 32d) used as match**
 - **Discretionary Funds**
 - **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**

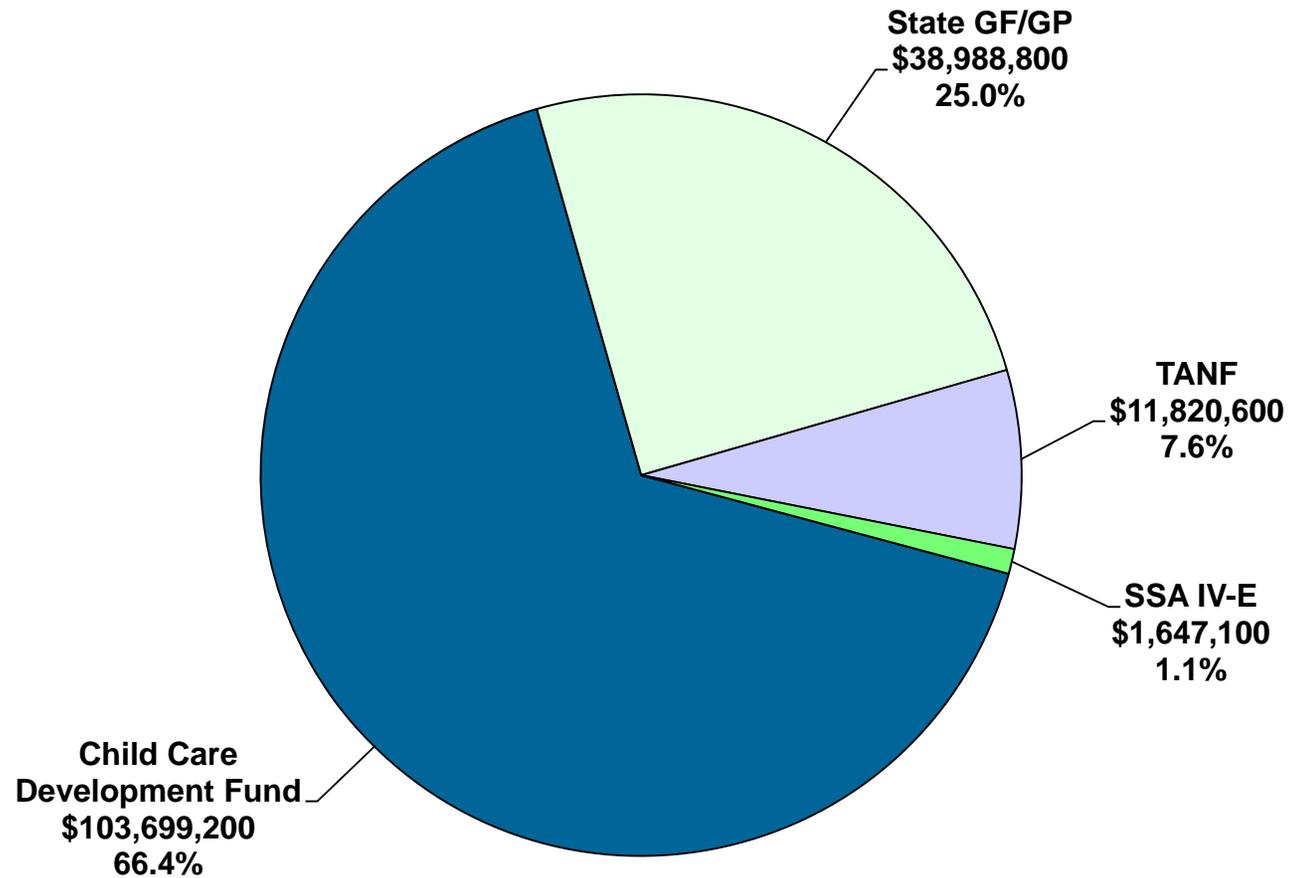
Child Care Development Fund (CCDF) FY 1997- FY 2012



Source: Dept. of Health and Human Services

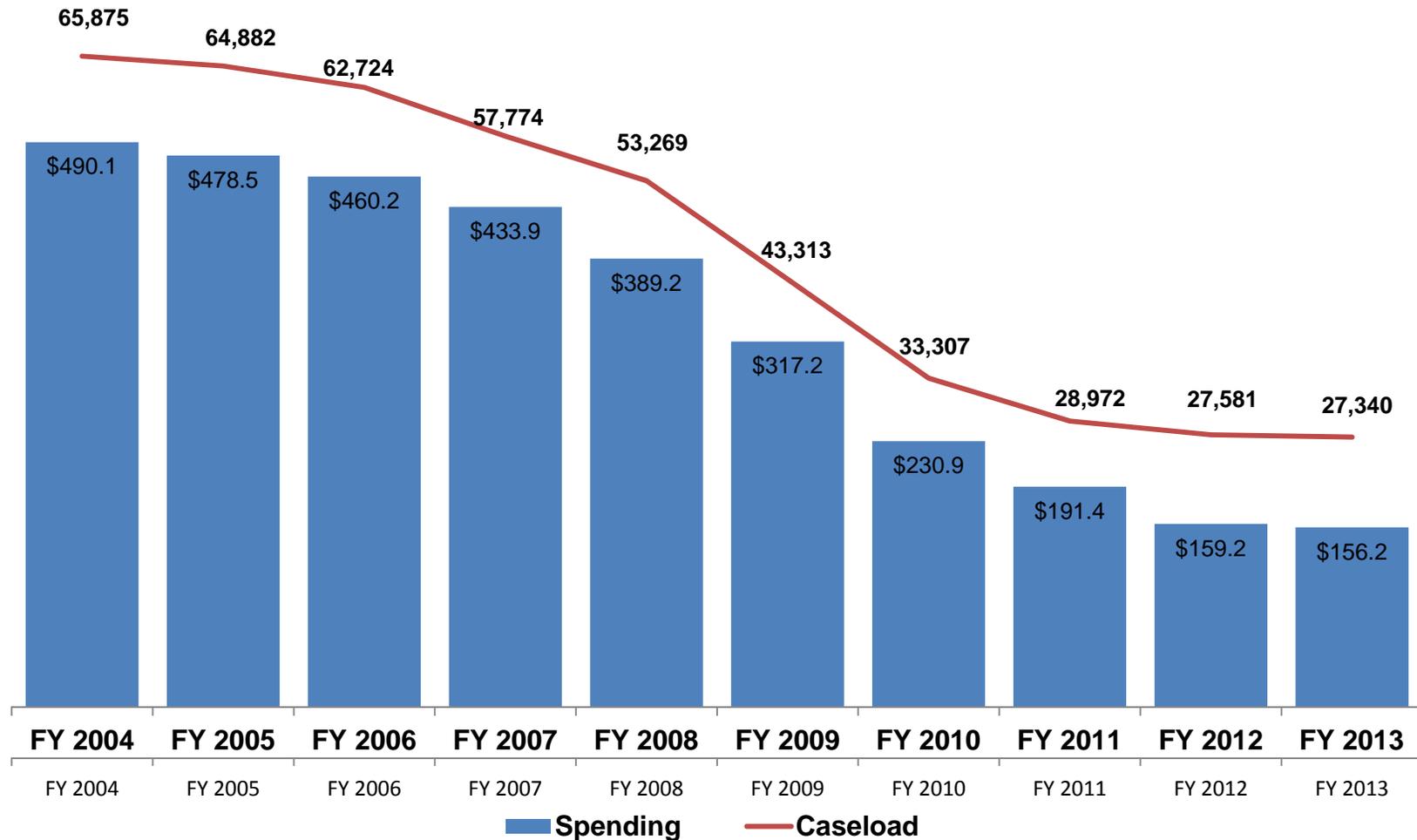
CDC Public Assistance Funding Sources

FY 2012-13 Total = \$156,155,700



CDC Caseload and Spending Trends

(Spending in millions)



- Average monthly benefit is about \$480; average of two children per CDC case
- Maximum hourly rate of support varies depending on child's age and provider type
- FY 2013 budget reduces funding by \$3.0 million due to continued declines in caseloads and cost per case

**For more information about the
Department of Education budget,
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