

FY 2018-19: DEPARTMENT OF EDUCATION
Summary: As Reported by House Appropriations Committee
Article VI, House Bill 5578 (H-1)



Analyst: Samuel Christensen

IDG/IDT	FY 2017-18 YTD as of 2/7/18	FY 2018-19 Executive	FY 2018-19 House	FY 2018-19 Senate	FY 2018-19 Enacted	Difference: House From FY 2017-18 YTD	
						Amount	%
	\$0	\$0	\$0			\$0	--
Federal	254,084,700	255,366,800	255,366,800			1,282,100	0.5
Local	5,817,200	5,852,800	5,852,800			35,600	0.6
Private	2,034,300	2,035,800	2,035,800			1,500	0.1
Restricted	8,567,600	8,668,200	8,668,200			100,600	1.2
GF/GP	81,677,400	85,183,700	85,183,700			3,506,300	4.3
Gross	\$352,181,200	\$357,107,300	\$357,107,300			\$4,926,100	1.4
FTEs	609.5	620.5	620.5			11.0	1.8

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (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 2017-18 YTD Appropriations

1. School Reform Office to MDE: Partnership District Support Operations

Executive provides \$2.9 million GF/GP and 9.0 FTEs to Partnership District Support Operations for the transfer of the School Reform Office (SRO) from DTMB to MDE (Executive Order 2017-5). Operational support will be responsible for supporting existing partnership districts as partnership liaisons, as well as data analysis, financial management, and office management for school reform efforts.

House concurs with Executive.

	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
FTE	4.0	9.0
Gross	\$641,800	\$2,853,400
GF/GP	\$641,800	\$2,853,400

2. School Reform Office to MDE: State Board/Superintendent Operations

Executive provides \$497,600 GF/GP and 2.0 FTEs to State Board/Superintendent Operations for the transfer of the School Reform Office (SRO) from DTMB to MDE (Executive Order 2017-5). Operational support staff would work with the superintendent to identify, partner, and hold districts accountable for meeting goals outlined in partnership agreements.

House concurs with Executive.

	FTE	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
FTE	11.0		2.0
Gross		\$2,104,200	\$497,600
Federal		156,600	0
Private		28,100	0
Restricted		654,400	0
GF/GP		\$1,265,100	\$497,600

3. Early Literacy Implementation

Executive provides \$1.0 million GF/GP to School Support Services Operations for continuing implementation of literacy initiatives funded in Section 35a of the School Aid Act. Previously, these funds were located in Section 35 of the School Aid Act.

House concurs with Executive.

	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
Gross	\$15,571,200	\$1,000,000
Federal	14,522,300	0
Local	11,700	0
Restricted	159,300	0
GF/GP	\$877,900	\$1,000,000

Major Budget Changes From FY 2017-18 YTD Appropriations		FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
4. Project UNIFY	Gross	\$15,571,200	\$500,000
<u>Executive</u> provides \$500,000 GF/GP to School Support Services Operations for Project UNIFY, now known as Special Olympics Unified Champion Schools. MDE oversees the program and has been reimbursed by DHHS since 2015, but would now be directly funded. The program brings together students with and without disabilities through education, sports, and leadership enrichment activities in their communities.	Federal	14,522,300	0
<u>House</u> concurs with Executive.	Local	11,700	0
	Restricted	159,300	0
	GF/GP	\$877,900	\$500,000
5. Braille Textbook Production Expansion	Gross	\$450,000	\$300,000
<u>Executive</u> increases by \$300,000 in restricted funds in the Michigan Schools for the Deaf and Blind unit's Low Incidence Outreach program to a total of \$750,000. The increased appropriation allows for increased production and sale of specialized braille books, and additional fund revenue provides free books, services, supports, and training for students, teachers, parents, and other related personnel.	Restricted	450,000	300,000
<u>House</u> concurs with Executive.	GF/GP	\$0	\$0
6. Renaissance Zones Adjustment	Gross	\$3,300,000	(\$800,000)
<u>Executive</u> reduces funding for Renaissance Zone reimbursements to libraries by \$800,000 GF/GP. Estimated reimbursement payments required by statute have decreased due to recent Personal Property Tax reform.	GF/GP	\$3,300,000	(\$800,000)
<u>House</u> concurs with Executive.			
7. Economic Adjustments	Gross	NA	\$1,506,300
<u>Executive</u> includes economic adjustments that reflect increased costs of \$1.5 million Gross (\$455,300 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Federal	NA	901,400
<u>House</u> concurs with Executive.	Local	NA	47,300
	Private	NA	1,500
	Restricted	NA	100,800
	GF/GP	NA	\$455,300

Major Boilerplate Changes From FY 2017-18

Executive DELETED but House RETAINED:

- Communication with the Legislature (Sec. 222)
- Records Retention (Sec. 223)
- Timely Data (Sec. 227)
- Contract Notification (Sec. 229)
- Nonpublic School Mandates (Sec. 230)
- Travel Expenditures (Sec. 302)
- Federal and Private Grants (Sec. 325)
- Keep Library Functions Together (Sec. 803)
- Number of Childcare Providers (Sec. 1001)
- CDC TEACH Scholarship (Sec. 1004)
- Drinking Water Declaration of Emergency – CDC Pilot (Sec. 1101)

Sec. 225. Grant Application Penalty – REVISED

Requires that MDE send districts a list of grants available in the School Aid Budget by October 1, 2017, and open the grant application process by December 1, 2017. Reduces state funding for state board/superintendent operations by 1% if the MDE fails to comply.

Executive revises that only "known" grants in the School Aid grant application process must be open by December 1, 2018 to reflect the possibility that certain grants, especially federal grants that are available for FY 2018-19, will not be either open or available for review by the deadline. House revises the set of requirements for the state grant award process and would reduce state money appropriated for unclassified positions, state board/superintendent operations, school support services operations, and field services operations by 5% if the following requirements are not met for FY 2018-19: not later than August 1, 2018 MDE open the grant application process and send districts and post on its publicly accessible website the grant application and award process schedule and the list of the state grants available; on October 1, 2018 close the grant application process and begin the award process for state grants; and not later than November 1, 2018 distribute grant awards.

Major Boilerplate Changes From FY 2017-18

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

Requires the Office of Special Education to address the Special Education Reform Task Force Guidelines to design and distribute parent-friendly information for all Individualized Education Plans (IEPs), as well as train mediators knowledgeable about the dispute resolution system and state and federal mandates pertaining to the rights and protections of students with disabilities. Executive revises to indicate the cost, \$100,000 from Special Education Operations, for the design and distribution to all parents and legal guardians of a student with a disability information for all Individualized Education Plans (IEPs). Deletes the requirement to train mediators knowledgeable about the dispute resolution system and state and federal mandates pertaining to the rights and protections of students with disabilities. House concurs with Executive.

Sec. 407. Gifts, Bequests, and Donations – REVISED

States that revenue from gifts, bequests, and donations that is unexpended at end of fiscal year may be carried over to next fiscal year and not revert to general fund. Executive revises to remove local district service fees from the list of unexpended state revenue sources that if unexpended at the end of the fiscal year may be carried over to the next fiscal year and not revert to general fund because it is a fund source that is no longer collected and appropriated. House concurs with Executive.

Sec. 601. Early Literacy Implementation – NEW

Executive creates a new section to direct the early literacy implementation funding to costs associated with programs for early childhood literacy funded in Section 35a of the State School Aid Act. *See major budget changes for Early Literacy Implementation.* House concurs with Executive.

Sec. 701. Multi-Tiered Systems of Support (MTSS), At Risk, Reading Intervention Funding Support – REVISED

Requires MDE to produce a report detailing the progress made by districts with grades K-3 receiving at-risk funding under section 31a of the State Aid Act in implementing Multi-Tiered Systems of Supports (MTSS), in implementing MTSS for grades 4-8 in the prior school fiscal year, and in providing reading intervention services described in section 1280f of the revised school code. Executive revises the report that details progress made by districts receiving At Risk funding under section 31a of the State School Aid Act from those with grades K to 3 to those with grades K to 8. Also revises the portion of the report for implementing MTSS in the prior school year to presumably all grades since the grade restriction, 4 to 8, was removed from the section. House revises the grades for the report detailing the progress made by districts receiving at-risk under section 31a of the State Aid Act from K-3 to K-12, as well as the grades for the report in implementing MTSS from 4-8 to K-12.

Sec. 1002. CDC Provider Reimbursement Rate Increase – REVISED

Requires the department to increase the provider reimbursement rates for child care centers, group homes, and registered family homes under the following guidelines: by \$0.25 per hour for each child for empty star, 1-star, and 2-star; by \$0.50 per hour for each child for 3-star and 4-star; and by \$0.75 for 5-star. For unlicensed providers, the provider reimbursement rate would increase by \$0.25 per hour for each child for tier 1 and \$0.75 per hour for each child for tier 2. The department is also required to publish the new final reimbursement rates on its and the great start to quality webpages by the date that the new rates take effect. Executive deletes this section. House revises to set the final rates after the FY 2017-18 reimbursement increases as the rates for the CDC program.

Sec. 1005. CDC Childcare Monitoring – DELETED

Requires 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. Executive and House delete this section.

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

Requires MDE to use \$5.5 million federal CCDF to increase the eligibility entrance threshold for the CDC program from 125% to 130% of the federal poverty guidelines. Executive deletes this section. House revises to set the CDC eligibility entrance threshold at 130% of the federal poverty guidelines.

Sec. 1021. National Career Readiness Certificate – DELETED

Requires MDE to renegotiate the ACT WorkKeys test to ensure the costs for registering and providing students with the National Career Readiness Certificate are included in the contract cost and are not charged to the student. Executive and House delete this section.