

**Summary: Executive Budget Recommendation  
for Fiscal Years 2014-15 and 2015-16  
DEPARTMENT OF EDUCATION**



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	FY 2013-14 Year-to-Date as of 2/5/14	FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14		FY 2015-16 Executive	Difference: FY 2015-16 Vs. FY 2014-15	
			Amount	%		Amount	%
IDG/IDT	\$0	\$0	\$0	--	\$0	\$0	--
<b>Federal</b>	211,873,000	226,097,500	14,224,500	6.7	226,097,500	0	0
<b>Local</b>	5,633,700	5,633,700	0	0	5,633,700	0	0
<b>Private</b>	1,933,300	1,933,300	0	0	1,933,300	0	0
<b>Restricted</b>	8,032,100	7,972,600	(59,500)	(0.7)	7,972,600	0	0
<b>GF/GP</b>	70,893,900	84,939,000	14,045,100	19.8	84,639,000	(300,000)	(0.4)
<b>Gross</b>	<b>\$298,366,000</b>	<b>\$326,576,100</b>	<b>\$28,210,100</b>	<b>9.5</b>	<b>\$326,276,100</b>	<b>(\$300,000)</b>	<b>(0.1)</b>
FTEs	593.5	627.5	34.0	5.7	627.5	0	0

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2015-16 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, providing technical assistance to school districts and libraries, and providing early education and child day care support for low-income and other qualifying families.

**Executive Changes**

<b>Major Budget Changes From FY 2013-14 YTD Appropriations</b>		<b>FY 2013-14 YTD (as of 2/5/14)</b>	<b>FY 2013-14 to FY 2014-15</b>	<b>FY 2014-15 to FY 2015-16</b>
<b>1. Child Development and Care (CDC) – Hours Increase</b>	<b>Gross</b>	<b>\$136,344,000</b>	<b>\$6,900,000</b>	<b>\$0</b>
Includes a \$6.9 million increase for the Child Development and Care (CDC) program to increase the maximum allowable reimbursable hours for subsidized child care from 80 hours to 90 hours in a two-week period.	Federal	97,355,200	6,900,000	0
	GF/GP	\$38,988,800	\$0	\$0
<b>2. Child Development and Care (CDC) – Tiered Reimbursement</b>	<b>Gross</b>	<b>\$136,344,000</b>	<b>\$3,672,000</b>	<b>\$0</b>
Includes \$3.7 million to reimburse high quality childcare providers at higher hourly rates per a tiered reimbursement system, as defined by the Great Start to Quality provider rating system.	Federal	97,355,200	3,672,000	0
	GF/GP	\$38,988,800	\$0	\$0
<b>3. Educator Evaluations and Student Assessments</b>	FTE	N/A	21.0	0.0
Provides \$5.0 million of ongoing funds for the phase-in of educator evaluations and new student assessments. This includes 21.0 FTEs. Funding is split between the following units: Accountability Services (\$4.1 million), Professional Preparation Services (\$167,000), and Educational Improvement and Innovation Services (\$738,200). There is an additional \$900,000 one-time GF/GP to implement educator evaluations for teachers and administrators throughout the state. Funding at MDE will be used for staffing, compliance monitoring, and information technology systems modifications. Additionally, there is a \$2.0 million transfer of federal assessment funding from the School Aid Budget.	<b>Gross</b>	N/A	<b>\$7,900,000</b>	<b>(\$900,000)</b>
	Federal	N/A	2,000,000	0
	GF/GP	N/A	\$5,900,000	(\$900,000)

**4. Financial Independence Team**  
Includes \$778,100 GF/GP and 4.0 FTEs, to be utilized in conjunction with \$6.5 million and 9.0 FTEs in the Department of Treasury, to create a new financial independence team tasked with implementing early warning systems for distressed schools in need of financial attention.

FTE	N/A	4.0	0.0
<b>Gross</b>	<b>N/A</b>	<b>\$778,100</b>	<b>\$0</b>
GF/GP	N/A	\$778,100	\$0

**5. Low Achieving Schools – School Reform**  
Provides \$918,600 GF/GP for resources to help the lowest achieving schools to improve their academic programs and performance. This addition in school reform efforts includes 6.0 FTEs. Funding is split between the School Reform unit (\$306,200) and the Educational Improvement and Innovation Services unit (\$612,400)

FTE	N/A	6.0	0.0
<b>Gross</b>	<b>N/A</b>	<b>\$918,600</b>	<b>\$0</b>
GF/GP	N/A	\$918,600	\$0

**6. Office of Great Start**  
Increases the Office of Great Start Operations line by 3.0 FTEs and \$404,000 GF/GP to provide additional administrative support for the Great Start Readiness Program, which under the Executive proposal in the School Aid budget would increase by another \$65.0 million, more than doubling the program since FY 2012-13.

FTE	61.0	3.0	0.0
<b>Gross</b>	<b>\$22,192,900</b>	<b>\$404,000</b>	<b>\$0</b>
Federal	20,732,300	0	0
Private	250,000	0	0
Restricted	63,500	0	0
GF/GP	\$1,147,100	\$404,000	\$0

**7. Library Funding – Renaissance Zone Reimbursements**  
Transfers \$3.2 million in Renaissance Zone Reimbursements from the School Aid budget, which when combined with existing MDE funds totals \$4.7 million for FY 2014-15.

<b>Gross</b>	<b>\$1,500,000</b>	<b>\$3,200,000</b>	<b>\$0</b>
GF/GP	\$1,500,000	\$3,200,000	\$0

**8. Library Funding – MPERS Payments**  
Transfers \$1.3 million state share for MPERS payments to Libraries. Also provides \$900,000 for the required increase in the state share for MPERS payments and \$356,000 GF/GP to cover the proposed rate cap reduction to 19.76%.

<b>Gross</b>	<b>N/A</b>	<b>\$2,556,000</b>	<b>\$600,000</b>
GF/GP	N/A	\$2,556,000	\$600,000

**9. Economic Adjustments**  
Reflects increased costs of \$1.9 million Gross (\$274,400 GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions.

<b>Gross</b>	<b>N/A</b>	<b>\$1,867,400</b>	<b>\$0</b>
Federal	N/A	1,472,500	0
Restricted	N/A	120,500	0
GF/GP	N/A	\$274,400	\$0

**Major Boilerplate Changes From FY 2013-14**

**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. 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 after it is due.

**Sec. 231. Common Core Standards and Smarter Balanced Assessments – DELETED**

Prohibits expenditures of funds on common core standards and smarter balanced assessments unless authorized by an affirmative action of the Legislature.

**Sec. 6-231. Legacy Costs – NEW**

Identifies total appropriations in part 1 for legacy costs for FY 2014-15 equal to \$15,367,500. Pension-related costs are estimated at \$8,739,900. Retiree health care costs are estimated at \$6,897,600.

**Sec. 232. Subrecipient Monitoring Services – DELETED**

In addition to funds appropriated in part 1, appropriates up to \$180,000 from payments for subrecipient monitoring expenses provided to other departments.

**Sec. 233. Requests 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. 302. Travel Expenditures – DELETED**

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

**Sec. 6-401. Michigan School for the Deaf and Blind Employees – NEW**

States that employees at the Michigan School for the Deaf and Blind who work on a school-year basis be considered annual employees for the purposes of service credits, retirement, and insurance benefits.

**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. 6-805. MPSERS Funds for District Libraries – NEW**

States that Part 1 funds 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 receive 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. 901. Federal and Private Grants – DELETED**

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

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

Requires a report by November 1, 2013 on the number of childcare providers (by type) receiving payment for childcare services on October 1, 2013.

**Sec. 6-1003. Early Childhood Systems Planning RFP Process – NEW**

States that all new and expiring department contracts for early childhood comprehensive systems planning shall be bid out through a statewide RFP process.

**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 2012-13 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. Head Start Programs – DELETED**

Requires Head Start providers to ensure that regulations related to Head Start programs be at least as rigorous as those for Great Start Readiness Programs by FY 2014-15. Allows for lead teachers to continue as Head Start lead teachers if they meet requirements for continuing education and have on file a planned program leading to proper certification.

**Sec. 1201. FY 2014-15 Appropriation – DELETED**

Expresses intent that the FY 2014-15 appropriations are anticipated to be the same as FY 2013-14 appropriations, except for adjustments for changes in caseloads, federal match rates, economic factors, and available revenue.

**Sec. 1202. Retirement Costs – DELETED**

Expresses intent that for FY 2014-15, the department identify the amount of normal and legacy retirement costs in part 1.

**Supplemental Recommendations for FY 2013-14 Appropriations**

**FY 2013-14 Recommendation**

**1. Child Development and Care (CDC)**

Includes a \$3.5 million increase in federal funds for the Child Development and Care (CDC) program to increase the maximum allowable reimbursable hours for subsidized child care from 80 hours to 90 hours in a two-week period. This represents partial year funding to implement proposed changes in FY 2013-14.

<b>Gross</b>	<b>\$5,286,000</b>
Federal	5,286,000
GF/GP	\$0

Also includes an additional \$1.8 million in federal revenue authorization for the CDC program to reimburse high quality childcare providers at higher hourly rates per a tiered reimbursement system, as defined by the Great Start to Quality provider rating system. This represents partial year funding to implement proposed changes in FY 2013-14.