

FY 2014-15: DEPARTMENT OF EDUCATION
Summary: As Reported by House Subcommittee
House Bill 5305 (H-1) Draft B



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IDG/IDT	FY 2013-14 YTD as of 2/5/14	FY 2014-15 Executive	FY 2014-15 House	FY 2014-15 Senate	FY 2014-15 Enacted	Difference: House From FY 2013-14 YTD	
						Amount	%
	\$0	\$0	\$0			\$0	0
Federal	211,873,000	226,097,500	224,097,500			12,224,500	5.8
Local	5,633,700	5,633,700	5,633,700			0	0
Private	1,933,300	1,933,300	1,933,300			0	0
Restricted	8,032,100	7,972,600	7,972,600			(59,500)	(0.7)
GF/GP	70,893,900	84,939,000	82,625,100			11,731,200	16.5
Gross	\$298,366,000	\$326,576,100	\$322,262,200			\$23,896,200	8.0%
FTEs	593.5	627.5	602.5			9.0	1.5

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.

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 2013-14 YTD Appropriations

1. Child Development and Care (CDC) – Hours Increase

Executive 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. This is full year funding for FY 2014-15, subsequent to a FY 2013-14 supplemental increase of \$3.5 million in partial year funding for the same purpose.

	FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change
Gross	\$136,344,000	\$6,900,000
Federal	97,355,200	6,900,000
GF/GP	\$38,988,800	\$0

House concurs.

2. Child Development and Care (CDC) – Tiered Reimbursement

Executive 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. This is full year funding for FY 2014-15, subsequent to a FY 2013-14 supplemental increase of \$1.8 million in partial year funding for the same purpose.

	FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change
Gross	\$136,344,000	\$3,672,000
Federal	97,355,200	3,672,000
GF/GP	\$38,988,800	\$0

House concurs.

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2014-15 House Change
3. Educator Evaluations and Student Assessments			
<u>Executive</u> 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 (\$167,300), 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.	FTE	N/A	0.0
	Gross	N/A	\$100
	Federal	N/A	0
	GF/GP	N/A	\$100
<u>House</u> eliminates FTEs and funding for Educator Evaluations and Assessments proposed in the Executive budget, leaving \$100 in the Accountability Services unit as a placeholder.			
4. Professional Preparation Services – Teacher Certification Tests			
<u>Executive</u> does not include.	Gross	N/A	\$3,600,000
	GF/GP	N/A	\$3,600,000
<u>House</u> provides \$3.6 million GF/GP to update the full set of teacher certification tests, including content-specific and subject-relevant tests, to reflect current education standards.			
5. Financial Independence Team			
<u>Executive</u> 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
	Gross	N/A	\$778,100
	GF/GP	N/A	\$778,100
<u>House</u> concurs with Executive.			
6. Low Achieving Schools – School Reform			
<u>Executive</u> 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	2.0
	Gross	N/A	\$306,200
	GF/GP	N/A	\$306,200
<u>House</u> cuts funding and FTEs by 2/3 to total \$306,200 GF/GP and 2.0 FTEs.			
7. Office of Great Start			
<u>Executive</u> 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
	Gross	\$22,192,900	\$404,000
	Federal	20,732,300	0
	Private	250,000	0
	Restricted	63,500	0
	GF/GP	\$1,147,100	\$404,000
<u>House</u> concurs with Executive.			
8. State Aid to Libraries			
<u>Executive</u> – no change	Gross	\$8,876,000	\$612,400
	GF/GP	\$8,876,000	\$612,400
<u>House</u> increases State Aid to Libraries by \$612,400.			
9. Library Funding – Renaissance Zone Reimbursements			
<u>Executive</u> 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.	Gross	\$1,500,000	\$3,200,000
	GF/GP	\$1,500,000	\$3,200,000
<u>House</u> concurs with Executive.			

<u>Major Budget Changes From FY 2013-14 YTD Appropriations</u>	<u>FY 2013-14 Year-to-Date (as of 2/5/14)</u>	<u>FY 2014-15 House Change</u>
10. Library Funding – MPSERS Payments	Gross	N/A
<u>Executive</u> transfers \$1.3 million state share for MPSERS payments to Libraries from the School Aid budget. Also provides \$900,000 for the required increase in the state share for MPSERS payments and \$356,000 GF/GP to cover the proposed employer unfunded liability rate cap reduction to 19.76%.	GF/GP	\$2,556,000
		\$2,556,000

House concurs with Executive.

11. Economic Adjustments	Gross	N/A	\$1,867,400
<u>Executive</u> 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.	Federal	N/A	1,472,500
	Restricted	N/A	120,500
	GF/GP	N/A	\$274,400

House concurs with Executive.

Major Boilerplate Changes From FY 2013-14

Sec. 208. Personnel Records - RETAINED

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

Executive deletes.

House maintains current law.

Sec. 211. Adequate Yearly Progress (AYP) - RETAINED

Requires that MDE allow districts to appeal a determination of failure to meet AYP prior to MDE reporting those results.

Executive deletes.

House maintains current law.

Sec. 216. Communication with the Legislature - RETAINED

Prohibits MDE from taking disciplinary action against an employee for communicating truthfully and factually with a legislator or his/her Staff.

Executive deletes.

House maintains current law.

Sec. 218. Records Retention - RETAINED

Requires MDE to retain all reports funded from appropriations according to federal and state guidelines for short-term and long-term retention of records.

Executive deletes.

House maintains current law.

Sec. 220. Timely Data - RETAINED

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.

Executive deletes.

House maintains current law.

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.

Executive deletes.

House concurs with Executive.

Sec. 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.

Executive adds this section.

House concurs with Executive.

Major Boilerplate Changes From FY 2013-14

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.

Executive deletes.

House concurs with Executive.

Sec. 233. Requests for Proposals - RETAINED

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.

Executive deletes.

House maintains current law.

Sec. 302. Travel Expenditures - REVISED

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

Executive deletes.

House maintains current law but updates dollar amount annually using CPI inflation rates.

Sec. 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.

Executive adds this section.

House concurs with Executive.

Sec. 803. Keep Library Functions Together - RETAINED

Provides intent that the State maintain the Library of Michigan and its component programs, except for the genealogy collections, together in a state department.

Executive deletes.

House maintains current law.

Sec. 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.

Executive adds this section.

House concurs with Executive.

Sec. 901. Federal and Private Grants - RETAINED

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.

Executive deletes.

House maintains current law.

Sec. 1001. Number of Childcare Providers - REVISED

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

Executive deletes.

House maintains current law and revises dates.

Sec. 1003. Early Childhood Systems Planning RFP Process – NEW/DELETED

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

Executive adds this section.

House maintains current law.

Sec. 1003. Early Childhood Investment Corporation Annual Report - REVISES

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.

Executive deletes.

House maintains current law and revises dates.

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.

Executive deletes.

House concurs with Executive.

Sec. 1201. FY 2014-15 Appropriation - REVISED

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.

Executive deletes.

House maintains current law and revises dates.

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.

Executive deletes. Becomes new **Sec. 231** with amended language.

House concurs with Executive.