

**DEPARTMENT OF EDUCATION  
Summary of FY 2020-21 Enacted  
Public Act 166 of 2020 (House Bill 5396, Article 3)**

**Analyst: Samuel Christensen**

IDG/IDT	FY 2019-20 YTD as of 2/6/20	FY 2020-21 Enacted	Difference: Enacted From FY 2019-20 YTD	
			Amount	%
	\$0	\$0	\$0	--
<b>Federal</b>	315,342,100	343,701,700	28,359,600	9.0
<b>Local</b>	5,893,400	5,872,100	(21,300)	(0.4)
<b>Private</b>	2,036,200	2,239,300	203,100	10.0
<b>Restricted</b>	9,300,000	9,815,500	515,500	5.5
<b>GF/GP</b>	87,212,000	90,067,100	2,855,100	3.3
<b>Gross</b>	<b>\$419,783,700</b>	<b>\$451,695,700</b>	<b>\$31,912,000</b>	<b>7.6</b>
<b>FTEs</b>	620.5	620.5	0.0	0.0

**Notes:**

- (1) FY 2019-20 year-to-date figures are as of release of the executive budget on February 6, 2020 and do not include mid-year budget adjustments.
- (2) Appropriation figures include all proposed appropriation amounts and amounts designated as "one-time."
- (3) Because of revenue uncertainty due to the COVID-19 pandemic, separate FY 2020-21 budget bills were not passed by the House or the Senate.

**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 2019-20 YTD Appropriations**

**1. Child Development and Care (CDC) – Entrance Eligibility Threshold Increase**

Provides \$27.6 million in federal funding to increase the entrance eligibility threshold from 130% of the federal poverty guidelines (\$34,060 for a family size of four in FY 2020-21) to 150% of the federal poverty guidelines (\$39,300 for a family size of four) beginning January 1, 2021. This represents three quarters of the estimated annual cost of \$36.8 million. (See Boilerplate Changes for Sec. 1009)

	FY 2019-20 Year-to-Date (as of 2/6/20)	FY 2020-21 Enacted Change
<b>Gross</b>	<b>\$217,000,000</b>	<b>\$27,622,000</b>
Federal	176,970,900	27,622,000
GF/GP	\$40,029,100	\$0

**2. CDC – Background Checks (Licensing and Regulatory Affairs (LARA))**

Provides \$1.3 million federal Child Care Development Fund (CCDF) for LARA to continue to provide federally required background checks for any employee working at a child care facility.

<b>Gross</b>	<b>\$29,072,800</b>	<b>\$1,300,000</b>
Federal	29,072,800	1,300,000
GF/GP	\$0	\$0

**3. CDC – FY 2020-21 Caseload Consensus**

Reduces appropriation by \$3.0 million federal to align with May 2020 consensus caseload estimates and consensus cost per case estimates

<b>Gross</b>	<b>\$217,000,000</b>	<b>(\$3,000,000)</b>
Federal	176,970,900	(3,000,000)
GF/GP	\$40,029,100	\$0

**EDUCATION (DEPARTMENT)**

<b>Major Budget Changes from FY 2019-20 YTD Appropriations</b>		<b>FY 2019-20 Year-to-Date (as of 2/6/20)</b>	<b>FY 2020-21 Enacted Change</b>	
<b>4. CDC – Unroll a portion of funding for T.E.A.C.H Early Childhood Michigan Scholarship from CDC Contracted Services</b>		<b>Gross</b>	<b>\$1,250,000</b>	<b>\$0</b>
Transfers \$3.8 million of federal funding from the Child Development and Care Contracted Services line item to the T.E.A.C.H. Early Childhood Michigan Scholarship Program line item. \$3.8 million of the T.E.A.C.H. line item had been previously transferred to the CDC Contracted Services line item through the administrative transfer process during the FY 20 budget.		Federal	1,250,000	0
		GF/GP	\$0	\$0
<b>5. CDC – State Matching Fund Decrease</b>		<b>Gross</b>	<b>\$217,000,000</b>	<b>\$0</b>
Replaces \$597,800 GF/GP with a corresponding amount of federal funds for the CDC program’s matching funds in order to align GF/GP with the estimated amount needed to draw down the full federal CCDF award. This represents an estimate because the final federal allocation for Michigan has not been appropriated at the federal level.		Federal	176,970,900	597,800
		GF/GP	\$40,029,100	(\$597,800)
<b>6. Special Education Remote Learning Library</b>		<b>Gross</b>	<b>\$9,153,000</b>	<b>\$1,500,000</b>
Provides \$1.5 million GF/GP in the Special Education Operations line item for an association for administrators of special education services to develop and make available content for special education students, teachers, and others. Other eligible uses of funds include the following: development of assessment tools, in collaboration with MDE, to measure the needs of students with special education needs in remote learning environments and the effectiveness of various education methods and tools; and the identification of any available federal funds for research related to special education in remote learning.		Federal	8,561,200	0
		Private	11,100	0
		Restricted	45,900	0
		GF/GP	\$435,800	\$1,500,000
<b>7. State Aid to Libraries</b>		<b>Gross</b>	<b>\$12,067,700</b>	<b>\$1,000,000</b>
Increases state aid to libraries by \$1.0 million GF/GP to a total of \$13.1 million.		GF/GP	\$12,067,700	\$1,000,000
<b>8. Educare – One-Time</b>		<b>Gross</b>	<b>NA</b>	<b>\$1,000,000</b>
Provides \$1.0 million GF/GP for MDE to award to an early childhood collaborative that serves students in Genesee County to continue the expansion of early childhood services because of a drinking water declaration of emergency.		GF/GP	NA	\$1,000,000
<b>9. Camp Tuhsmeheeta Maintenance and Upkeep</b>		<b>Gross</b>	<b>\$298,000</b>	<b>\$202,000</b>
Increases by \$202,000 private funds for maintenance and upkeep of facilities. MDE has indicated that the camp would need to replace buildings at a higher cost without additional maintenance funding.		Private	298,000	202,000
		GF/GP	\$0	\$0
<b>10. Michigan Online Educator Certification System (MOECS) IT System Maintenance and Support</b>		<b>Gross</b>	<b>\$4,651,000</b>	<b>\$200,000</b>
Increases by \$200,000 Certification Fees in the Information Technology Services and Projects line item to fund contracted staff at the Department of Technology Management, and Budget (DTMB) for ongoing support and enhancements of MDE’s MOECS, which allows teachers to access their certification data, apply for certificates and endorsements, and renew their certificates.		Federal	2,533,400	0
		Restricted	712,500	200,000
		GF/GP	\$1,405,100	\$0
<b>11. Michigan School for the Deaf and Blind</b>		<b>Gross</b>	<b>\$13,515,900</b>	<b>\$112,800</b>
Increases Student Insurance Revenue authorization by \$112,800 to be able to fully draw down federal Medicaid reimbursement for the Michigan School for the Deaf and Blind.		Federal	7,529,200	0
		Local	5,893,400	0
		Restricted	93,300	112,800
		GF/GP	\$0	\$0

**EDUCATION (DEPARTMENT)**

<b><u>Major Budget Changes from FY 2019-20 YTD Appropriations</u></b>		<b>FY 2019-20 Year-to-Date (as of 2/6/20)</b>	<b>FY 2020-21 Enacted Change</b>
<b>12. Teacher Recruitment Program</b>	<b>Gross</b>	<b>\$0</b>	<b>\$100</b>
Provides a \$100 placeholder in the Educator Excellence Operations line item for boilerplate Sec. 233 to require MDE to implement a training program for pupils in grades 9 to 12 who are interested in teaching and are members of groups underrepresented in the teaching profession.	Restricted	0	100
	GF/GP	\$0	\$0
<b>13. Departmentwide GF/GP Reductions</b>	<b>Gross</b>	<b>NA</b>	<b>(\$800,000)</b>
Reflects \$800,000 GF/GP reduction of departmentwide operations by between 2% to 4% but excludes reductions for certain required payments (i.e. Worker's Compensation, Renaissance Zone payments) or matching funds (i.e. CDC public assistance).	GF/GP	NA	(\$800,000)
<b>14. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$2,775,400</b>
Reflects increased costs of \$2.8 million Gross (\$752,900 GF/GP) for negotiated salary and wage increases (2.0% on October 1, 2020 and 1.0% on April 4, 2021), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Federal	NA	1,840,100
	Local	NA	(21,300)
	Private	NA	1,100
	Restricted	NA	202,600
	GF/GP	NA	\$752,900

**Major Boilerplate Changes from FY 2019-20**

A specific listing of boilerplate sections deemed unenforceable was not provided. Rather, the governor's signing letter generally stated that sections violating the following provisions of the Michigan Constitution are unenforceable:

- Article 3, Section 2: Separation of Powers of Government
- Article 4, Section 22 and Article 4, Section 33: An attempt to authorize legislation other than by bill
- Article 4, Section 24: No law shall embrace more than one object, which shall be expressed in its title
- Article 4, Section 25: Amendment by reference
- Article 4, Section 53: Duties of the Auditor General
- Article 5, Section 28: Duties of the State Transportation Commission

Where a specific section was provided as an example in the signing letter, it is noted in the boilerplate section description below. This document will be updated upon the receipt of a more comprehensive list of unenforceable boilerplate sections.

***Sec. 216. FTE Vacancies and Remote Work Report – NEW***

Requires MDE to report quarterly on the following: number of full-time equated (FTE) positions in pay status by civil service classification; comparison by line item of the number FTE positions authorized from funds in part 1 to the actual number of FTE positions employed by MDE at the end of the reporting period. Additionally, by April 1 of the current fiscal year and semiannually thereafter, MDE shall report the following information: number of employees that were engaged in remote work in 2020; number of employees authorized to work remotely and the actual number of those working remotely in the current reporting period; estimated net cost savings achieved by remote work; and reduced use of office space associated with remote work.

***Sec. 218. State Administrative Board Transfers – NEW***

Permits the legislature, through a concurrent resolution adopted by a majority of the members elected in each house, to intertransfer funds within this article for MDE, board, commission, officer, or institution, if the state administrative board, acting under section 3 of the 1921 PA 2, MCL 17.3, transfers funds from an amount appropriated under this act.

***Sec. 221. Report on Policy Changes Made to Implement Public Acts Affecting Department – NEW***

Requires MDE to report by April 1 on each specific policy change made to implement a public act affecting the department that took effect during the prior calendar year.

***Sec. 224. Expending Available Work Project Authorization – NEW***

Prohibits appropriations in part 1 from being expended until all existing work project authorization available for the same purposes is exhausted, to the extent possible.

**EDUCATION (DEPARTMENT)**

**Major Boilerplate Changes from FY 2019-20**

**Sec. 225. Grant Application Penalty – DELETED**

Requires MDE to comply with the grant application penalty in section 17c of the State School Aid Act 1979, 1979 PA 94, MCL 388.1617c. Reduces state funding for state board/superintendent operations, unclassified positions, and grant and contract operations by 2.5% if the MDE fails to comply.

**Sec. 227. Timely Data – DELETED**

Requires MDE to provide data requested by the 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 days after it is due.

**Sec. 229. Contract Notifications – REVISED**

Requires MDE to notify the House and Senate appropriations committees and the State Budget Director before entering into a contract that exceeds \$1.0 million or seeking a federal waiver form, or amending the federal waiver form. Revises to remove the requirement that MDE notify the above entities before entering into a contract that exceeds \$1.0 million.

**Sec. 234. College Acceleration Program Report – NEW**

Requires MDE to complete a study by May 1, 2020 regarding the issues of school enrollment, performance, and outcomes related to college acceleration programs for at least the following entities: international baccalaureate (IB), advanced placement (AP), dual or concurrent enrollment, early or middle college high schools, and career and technical education (CTE). The study shall include at least the following: number of students participating in each type of college acceleration program; number of higher education credits earned; number of credits successfully transferred into Michigan higher education institutions; degree attainment status of students and time-to-degree for students; and percentage of incomplete credits or courses.

**Sec. 235. Association Report – DELETED**

Requires MDE to compile a report by December 1, 2019, that includes an itemized list of allocations paid by the department to any association or consortium consisting of associations in the immediately preceding fiscal year. The report must include the recipient or recipients, the amount allocated, and the purpose for which the money was distributed.

**Secs. 236, 237, & 238. Department Administrative Reserve Fund 1, 2, & 3 – DELETED**

Describes the Department Administrative Reserve Funds in MDE that required that funds in the reserve fund cannot be expended unless a legislative transfer request is issued by the SBO.

**Sec. 325. Federal and Private Grants – DELETED**

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

**Sec. 502. Student Teaching Credits – DELETED**

Requires MDE to authorize teacher preparation institutions to provide alternative programs in which one-quarter of all student teaching credits can be earned through substitute teaching and requires the substitute teaching to occur in a single classroom setting for at least 15 consecutive school days to count toward this requirement.

**Sec. 1003. Early Childhood Investment Corporation Annual Report – REVISED**

Requires MDE to submit an annual report on all funding appropriated to the Early Childhood Investment Corporation (ECIC) for FY 2019-20 by February 15. Report must detail the amounts of grants awarded, grant recipients, 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. Revises to specify that MDE shall instead provide the report on all contracts for the early childhood comprehensive systems planning rather than on only one of the entities, ECIC, that receives funding for these contracts.

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

Requires MDE to set the entrance income threshold for the CDC program at 130% of the federal poverty guidelines. Revises to maintain the current entrance income threshold at 130% of the federal poverty guidelines for the CDC program from October 1 to December 31, and to increase the entrance income threshold to 150% of the federal poverty guidelines from January 1 to September 30.

**FY 2019-20 Supplemental Appropriation Items**  
**Public Act 166 of 2020 (House Bill 5396, Article 14)**

**Appropriation  
Change**

**1. Child Care Supports**

Revises appropriation of federal Coronavirus Relief Funds from \$125.0 million for Child Care Rate Reductions to \$115.0 million for Child Care Supports, which represents a net \$10.0 million reduction and the approximate amount expended on the original Child Care Rate Reduction. The new Child Care Supports continues the rate reduction stipend but additionally requires MDE to allocate funds as follows: to reimburse for school age children receiving the child care subsidy during the school day, if the children are enrolled in a virtual education program when virtual learning is the only option; to allow for an increase of up to 60 absence hours for all children receiving the child care subsidy; and to provide for one additional round of the Child Care Relief Fund.

<b>Gross</b>	<b>(\$10,000,000)</b>
Federal	(10,000,000)
GF/GP	\$0

**FY 2019-20 Supplemental Boilerplate Items**  
**Public Act 166 of 2020 (House Bill 5396, Article 14)**

**Sec. 351. Child Care Supports**

Requires appropriation to be used by the department to provide child care rate reduction stipends as an add-on to the Child Care Relief Fund grant to reduce child care costs to families; authorizes licensed child care providers that received grants from the Child Care Relief Fund to be eligible to receive a rate reduction stipend for each of the months of June, July, and August; requires department to reimburse providers up to 30% of the tuition amount charged for each child cared for; requires providers receiving child care rate reduction stipends to reduce their rates by the rate reimbursement percentage described in the section; requires providers to reduce the monthly billed amount by the amount received for each child; requires the department to take reasonable steps to distribute the stipend within 15 business days of receiving an application unless the provider fails to meet requirements, and to provide notice and information on how to apply for the stipend; requires providers to maintain all billing and refund records for auditing purposes; requires the department to allocate funds for additional child supports specified in the section and to award on a first come first serve basis; designates the appropriation as a work project appropriation; defines licensed providers.

**REPEALERS**

**Sec. 800. Repealers**

Repeals section 301 of 2020 PA 123 and replaces it with section 351 of this article.