

Summary: As Passed the House
DEPARTMENT OF EDUCATION FY 2003-04
House Bill 4391 (H-1)



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Budget 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 Department of Education (DOE) is the administrative arm of the Board charged with implementing state and federal educational mandates and administering programs. Major responsibilities of the DOE include developing and overseeing the K-12 school system, certifying teachers, collecting and reporting educational data, disbursing funds to educational organizations, and providing technical assistance to local school districts.

Summary of Major Budget Issues

School Breakfast Program. The House concurred with the Executive in the increase of \$2,595,200 in General Funds to maintain the School Breakfast Program.

Cost Reductions from EO 2003-03. The House concurred with the Executive that it would continue the GF/GP reductions made through Executive Order 2003-03, which includes reducing costs for travel, contracted services, materials and supplies, worker's compensation, and state vehicle leases; a total savings of \$1,039,700.

Federal Program Eliminations. Several grants are no longer funded by the federal government; the appropriations for those grants have therefore been eliminated.

State Program Eliminations. The House recommended the transfer of the Motorcycle Safety Education Program to the Department of State and the transfer of the Off-Road Vehicle Safety Training program to the Department of Natural Resources, funded with restricted fees, resulting in a combined \$1,951,300 reduction to the Department.

Administrative Savings. The recommended budget would reduce GF/GP funding for administration by \$975,900 or 14.4 percent.

Education Commission and State Tenure Commission. The House concurred with the Executive in eliminating the membership in the Education Commission of the States (\$99,300); eliminating State Tenure Commission per diem payments (\$11,100).

FY 2003-04 Recommendations

	FY 2002-03 YTD (as of 3/6/03)	Executive	House	Senate	Enacted	Difference: House to 2002-03	
						Amount	%
IDG/IDT	\$1,000,000	\$1,000,000	\$1,000,000			\$0	0.0
Federal	166,260,200	64,479,400	64,479,400			-101,780,800	-61.2
Local	4,744,200	4,744,200	4,744,200			0	0.0
Private	701,400	701,400	701,400			0	0.0
Restricted	14,430,000	12,507,500	12,607,600			-1,822,400	-12.6
GF/GP	29,018,216	29,392,500	29,392,500			374,284	1.3
Gross	\$216,154,016	\$112,825,000	\$112,925,100			(\$103,228,916)	-47.8
FTEs	442.1	433.1	433.1			-9.0	-2.0

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>YTD</u> <u>FY 2002-03</u>	<u>House Change</u>
1. School Breakfast Program	Gross	\$7,774,900	\$2,595,200
The Executive and House recommend an increase of 33% in general funds to fully fund this program. The increase of \$2.6 million covers the cost of additional students participating in the program and higher per-student costs.	GF/GP	\$7,774,900	\$2,595,200
2. Elimination of Federal Grants	Gross	\$120,904,100	(\$100,904,100)
The Executive and House proposals eliminate federal funding for the following grant programs: Class Size Reduction, Eisenhower Math and Science, Goals 2000, and Technology Literacy Challenge Grants. Funding for Urgent School Renovation was reduced by \$25 million to \$20 million at the federal level. Administration for all the above programs is also eliminated.	Federal	120,904,100	(100,904,100)
	GF/GP	\$0	\$0
3. Elimination of Motorcycle and Off-Road Vehicle Safety Programs	Gross	\$1,951,300	(\$1,951,200)
The Executive recommends elimination of the Motorcycle Safety Education program at \$1.5 million and Off-Road Vehicle Safety Training program at \$421,100. Fees that currently fund these programs would be reduced accordingly. The House recommends the transfer of the Motorcycle Safety program to the Department of State and the transfer of the Off-Road Vehicle Safety program to the Department of Natural Resources. It also recommends retaining \$100 for administration of the Motorcycle Safety Education Program.	Restricted	1,951,300	(1,951,200)
	GF/GP	\$0	\$0
4. Technology Program Transfers	Gross	\$2,906,900	(\$392,800)
The Executive and House proposals transfer the Center for Educational Performance and Information (CEPI) FTEs and funding of (\$685,100) to DMB which has oversight over the programmatic aspects of CEPI, a (\$53,900) reduction in programming costs for this unit and the transfer of all information technology FTEs transferred into this budgetary unit.	Federal	1,045,500	231,400
	Local	0	44,800
	Restricted	168,200	0
	GF/GP	\$1,693,200	(\$669,000)
5. Building Occupancy Charge Changes	Gross	\$1,439,600	(\$93,600)
The Executive and House recommend reducing the general fund by \$200,000 and replacing it with federal funds (\$161,700) and restricted funds (\$38,300). Negative adjustments of (\$93,600) to the building occupancy charges were also recommended to reflect the actual utility and security costs as determined by DMB.	Federal	715,700	115,000
	Restricted	172,000	19,200
	GF/GP	\$551,900	(\$227,800)
6. Administration Law Funding Changes	Gross	\$723,500	(\$62,600)
The Executive recommends a reduction of 19.7% in this program and a funding shift of \$32,000 from general funds to teacher certification revenues. The House recommendation is for an 8.7% reduction and a funding shift of \$132,000 from general funds to teacher certification fund revenues.	Federal	203,600	0
	Restricted	0	132,000
	GF/GP	\$519,900	(\$194,600)
7. Reduction in Funding for Administration	Gross	NA	(\$662,300)
The Executive and House recommend reducing general funds	Federal	NA	94,000

Major Budget Changes from FY 2002-03 YTD Appropriations:		YTD FY 2002-03	House Change
for administration by \$801,300 by reducing travel and CSS&M, not filling vacant positions and fund shifts throughout the department.	Restricted	NA	45,000
	GF/GP	NA	(\$801,300)
8. Education Commission of the States Membership	Gross	\$99,300	(\$99,300)
The Executive and House recommend the elimination of the dues for the State's membership in the national organization, Education Commission of the States.	GF/GP	\$99,300	(\$99,300)
9. Early Retirement and Terminal Leave Adjustments	Gross	NA	(\$173,300)
The Executive and House propose savings from early retirement savings for FY 2003-04 of \$93,600 and adjustments to the terminal leave payments of \$79,700.	GF/GP	NA	(\$173,300)
11. Eliminate State Tenure Commission Per Diems	Gross	\$11,100	(\$11,100)
The Executive and House recommend the elimination of the per diem of \$50 per meeting to the State Tenure Commission members.	GF/GP	\$11,100	(\$11,100)

Major Boilerplate Changes from FY 2002-03:

Sec. 206 Contingency Funds –Deleted

The House eliminates the federal, restricted, local and private contingency fund language.

Sec. 219. Motorcycle Safety Education-New

The House recommends that the Department of Education work with the Department of State to ensure the motorcycle safety program is administered in the same manner as the current year.

Sec. 220. Off-Road Vehicle Safety Training Education-New

The House recommends that the Department of Education work with the Department of Natural Resources to ensure the off-road vehicle safety training program is administered in the same manner as the current year.

Sec. 221. Online Assessment System – New

The House added new language stating that the department shall develop an online assessment system to supplement the Michigan Education Assessment Program test and provide immediate feedback on student achievement.

Sec. 601. Charter School Office – Revised

Retains current-law language recommended to be deleted by the Executive to require the Department to staff the charter school office with 3.5 FTEs and \$350,000. Adds new intent language that the Charter Schools Office staffing issue will be re-assessed based on data provided by the Department of Education.

Sec. 801. Teacher Tenure Report - New

Requires the Department to report to the legislature the history, purpose, and estimated litigation costs of teacher tenure.