

FY 2013-14: DEPARTMENT OF EDUCATION
Summary: As Passed by the Senate
Senate Bill 196 (S-1)



Analyst: Erik Jonasson

| IDG/IDT | FY 2012-13 YTD as of 2/7/13 | FY 2013-14 Revised Executive | FY 2013-14 House | FY 2013-14 Senate | FY 2013-14 Enacted | Difference: Senate From FY 2012-13 YTD | |
|-------------------|--------------------------------|------------------------------------|----------------------|----------------------|-----------------------|---|--------------|
| | | | | | | Amount | % |
| | \$0 | \$0 | \$0 | \$0 | | \$0 | 0.0 |
| Federal | 244,551,300 | 232,395,400 | 232,145,300 | 232,241,650 | | (12,309,650) | (5.0) |
| Local | 5,560,400 | 5,633,700 | 5,633,700 | 5,633,700 | | 73,300 | 1.3 |
| Private | 3,078,700 | 1,933,300 | 1,933,300 | 1,933,300 | | (1,145,400) | (37.2) |
| Restricted | 7,626,300 | 8,032,100 | 8,015,300 | 8,021,800 | | 395,500 | 5.2 |
| GF/GP | 68,093,200 | 70,893,900 | 70,558,300 | 74,416,450 | | 6,323,250 | 9.3 |
| Gross | \$328,909,900 | \$318,888,400 | \$318,285,900 | \$322,246,900 | | (\$6,663,000) | (2.0) |
| FTEs | 590.5 | 594.5 | 590.5 | 594.5 | | 4.0 | 0.7 |

Notes: (1) FY 2012-13 year-to-date (YTD) figures include mid-year budget adjustments through February 7, 2013.

(2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as one-time.

(3) House information in this document references Article VI of House Bill 4328 as passed by the House.

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, and providing technical assistance to school districts and libraries.

Major Budget Changes From FY 2011-12 YTD Appropriations

1. Child Development and Care (CDC) Funding

Executive reduces federal funds transferred to DHS by \$12.4 million for use in CDC-related activities performed by DHS. Funds are transferred to the child development care public assistance line item, where they replace \$11.8 million in federal TANF funds. House and Senate concur.

| | FY 2012-13 Year-to-Date (as of 2/7/12) | FY 2013-14 Senate Change |
|--------------|---|---|
| Gross | \$186,114,200 | (\$11,820,600) |
| Federal | 147,125,400 | (11,820,600) |
| GF/GP | \$38,988,800 | \$0 |

2. State Share of MPSERS Reforms for Libraries

Executive provides \$1.3 million GF/GP for the State's share of MPSERS costs for libraries, which exceed the capped employer contribution rate as required under PA 300 of 2012. Adds an additional \$700,000 GF/GP in FY 2014-15. House concurs, Senate includes MPSERS appropriation for libraries in the School Aid budget.

| | | |
|--------------|-----|------------|
| Gross | \$0 | \$0 |
| GF/GP | \$0 | \$0 |

3. State Aid to Libraries

Executive transfers \$1.3 million from the School Aid budget designated for state aid to libraries. House concurs. Senate concurs and appropriates an additional \$1.0 million GF/GP.

| | | |
|--------------|--------------------|--------------------|
| Gross | \$6,208,100 | \$2,304,300 |
| GF/GP | \$6,208,100 | \$2,304,300 |

4. Renaissance Zone Reimbursements for Libraries

Executive transfers \$1.5 million from School Aid budget for renaissance zone reimbursements to libraries. House concurs, but reduces funding amount by \$40,000. Senate concurs, but increases funding by an additional \$3.2 million over Executive.

| | | |
|--------------|------------|--------------------|
| Gross | N/A | \$4,700,000 |
| GF/GP | N/A | \$4,700,000 |

5. Michigan College Access Network

Transfers \$2.0 million GF/GP for the Michigan College Access Network (MCAN) to the Higher Education budget. Removes related line items and boilerplate. House and Senate concur.

| | | |
|--------------|------------|----------------------|
| Gross | N/A | (\$2,000,000) |
| GF/GP | N/A | (\$2,000,000) |

| Major Budget Changes From FY 2011-12 YTD Appropriations | | FY 2012-13 Year-to-Date (as of 2/7/12) | FY 2013-14 Senate Change |
|---|--------------|---|---|
| 6. Additional Support Staff | FTE | N/A | 2.0 |
| <u>Executive</u> funds an additional \$506,500 (\$278,700 GF/GP) for 4.0 FTEs. Includes two new employees to provide support for new charter schools, as well as accommodate increased departmental responsibilities related to charter schools as a result of PA 277 of 2011. One new employee for additional accounting support tied to the transfer of the CDC program from DHS in FY 2011-12. One new employee to review school improvement plans for priority schools. <u>House</u> does not include any additional staff. <u>Senate</u> includes two of four FTEs, including only one of two charter school support positions and one FTE for school improvement plans. | Gross | N/A | \$265,000 |
| | Federal | N/A | 63,750 |
| | GF/GP | N/A | \$201,250 |
| 7. Creation of School Reform Office | Gross | \$2,078,100 | \$0 |
| <u>Executive</u> creates the School Reform Office, which was previously integrated between several units within the department. No new funds are provided for this line-item. <u>House</u> and <u>Senate</u> concur. | GF/GP | \$2,078,100 | \$0 |
| 8. Maintenance of Effort for Carl D. Perkins Grants. | Gross | N/A | \$40,000 |
| <u>Executive</u> appropriates \$40,000 GF/GP for career and technical education operations, used for maintenance of effort (MOE) for the Carl D. Perkins Career and Technical Education federal grant. <u>House</u> and <u>Senate</u> concur. | GF/GP | N/A | \$40,000 |
| 9. Economics Adjustments | Gross | N/A | \$2,400,600 |
| <u>Executive</u> budget reflects increased costs of \$2.4 million Gross (\$510,100 GF/GP) for negotiated salary and wage amounts (1.0%), insurance rate increases, actuarially-required retirement rate increases, and other economic adjustments. Additional increase of \$1.3 million Gross (\$237,200 GF/GP) projected for FY 2014-15. <u>House</u> and <u>Senate</u> concur with FY 2013-14 economics adjustments, does not include FY 2014-15 adjustments. | Federal | N/A | 1,498,600 |
| | Private | N/A | 28,100 |
| | Restricted | N/A | 363,800 |
| | GF/GP | N/A | \$510,100 |
| 10. Elimination of One-Time Appropriations | Gross | \$674,300 | (\$674,300) |
| <u>Executive</u> discontinues the FY 2012-13 one-time appropriations for State employee lump-sum payments and the Central Michigan University Assessment Lending Library. No additional one-time appropriations are included in FY 2013-14. <u>House</u> and <u>Senate</u> concur. | Federal | 429,100 | (429,100) |
| | Local | 16,500 | (16,500) |
| | Restricted | 64,600 | (64,600) |
| | GF/GP | \$164,100 | (\$164,100) |
| 11. Online Course Catalog | Gross | N/A | \$400,000 |
| <u>Senate</u> adds \$400,000 GF/GP and new boilerplate language (Sec. 1101) directing the department to create a public statewide catalog of online learning courses. Beginning in FY 2014-2015, this catalog would include the number of pupils enrolled in each online course and completion rates. | GF/GP | N/A | \$400,000 |
| 12. Office of Legislative Education Ombudsman | FTE | 0.0 | 2.0 |
| <u>Senate</u> creates the Office of Legislative Education Ombudsman, including 2.0 FTEs and \$300,000 GF/GP. | Gross | \$0 | \$300,000 |
| | GF/GP | 0 | \$300,000 |

Major Boilerplate Changes From FY 2012-13

Sec. 209. Departmental Scorecard – NEW

Adds language requiring that the department maintain a department scorecard on a publicly accessible website. This scorecard shall identify, track, and regularly update key metrics that are used to monitor and improve the agency's performance. Executive creates as section 6-206, House and Senate concur.

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. Executive deletes, House concurs with deletion. Senate includes, with slightly revised language.

Sec. 212. Purchase of Foreign Goods - RETAINED

Prohibits use of state funds to purchase foreign-made goods if comparable American or Michigan goods are available. Gives preference to Michigan businesses owned and operated by veterans. Executive deletes, House and Senate retain.

Sec. 230. Prohibit Funding for Common Core and Smarter Balance - NEW

House adds language stating that funds shall not be used to fund the Common Core State Standards Initiative or Smarter Balanced Assessments, and that funds shall not be used to implement programs or assessments created by these organizations. Senate does not include.

Major Boilerplate Changes From FY 2012-13

Sec. 231. Prohibit use of Funds for Common Core – NEW

Senate creates language that directs funds not be used for the development of the common core state standards.

Sec. 232. Funds for Sub-Recipient Monitoring Services – NEW

Adds language allowing for an additional appropriation of up to \$180,000 from payments for sub-recipient monitoring services provided to other departments. These funds may be expended for all expenses related to providing such monitoring services.

Executive creates as section 6-212, House and Senate concur.

Sec. 501. Felony Conviction Files - RETAINED

Requires that MDE maintain professional personnel registry and certificate revocation/felony conviction files. Executive deletes, House and Senate retain.

Sec. 601. Administration of Charter Schools - RETAINED

Earmarks funds to operate the charter school office. Executive deletes, House concurs with deletion. Senate retains.

Sec. 803. Keep Library Funds 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 and Senate retain.

Sec. 804. Renaissance Zone Reimbursements - NEW

Executive adds language directing funds for renaissance zone reimbursements be used to offset lost tax revenue from the Michigan renaissance zone act. If funds are not sufficient to fully pay offset lost revenue, payments shall be prorated. House and Senate concur with language.

Sec. 902. College Access Grant Program - DELETED

Boilerplate provisions related to the College Access Grant Program. Funding and related boilerplate were moved to the Higher Education budget. Executive deletes, House and Senate concur with deletion.

Sec. 903. Report on Online Learning - NEW

Senate adds language requiring a report detailing the per-pupil costs of a district offering online learning. The report shall include information on student enrollment, the cost to districts, the names of online education providers contracted by a district, and cost competitions with similar programs in other states.

Sec. 903. Online Education – DELETED

Directs MDE to work with districts that operate a cyber-school or an alternative education program with a seat-time waiver to provide a report by March 1, 2013 detailing enrollments, resident districts, per pupil operating costs, and online education providers. Executive deletes, House retains with an updated report date of March 1, 2014. Senate deletes.

Sec 1001. Number of Child Care Providers - REVISED

Requires a report on the number of childcare providers (by type) receiving payment for childcare services on October 1, 2012. Executive deletes, House and Senate retain with an updated report date of November 1, 2013.

Sec. 1002. Early Childhood Programs Funding Study - DELETED

Requires a report on various factors relating to the funding of early childhood activities, including a review of the roles and responsibilities of the Office of Great Start and the Early Childhood Investment Corporation. Executive deletes, House and Senate concur with deletion.

Sec 1004. Prohibits Funding for Early Childhood Investment Corporation (ECIC) Administration - NEW

Senate adds language directing that funds for the Office of Great Start not be used for the support of administration for ECIC.

Sec. 1005. Requirements for Head Start Programs - NEW

Senate adds language stating that the Office of Great Start shall ensure that regulations related to Head Start programs be at least as rigorous as those on Great Start Readiness Programs. 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. 1101. Public Statewide Catalog of Online Learning Courses - NEW

Senate creates new section requiring the bureau of assessment and accountability to create and maintain a public catalog of online learning courses offered by all public schools. Reporting requirements include the number of pupils enrolled in each online course, the number of pupils who complete an online course, and the completion rate for each online course.

Sec. 1201. Intent to Create the Office of the Legislative Education Ombudsman - NEW

Senate creates language stating legislative intent to create the office of the legislative education ombudsman within the Department of Education.

Sec 1302. Identifying Normal and Legacy Retirement Costs - NEW

Senate creates language stating legislative intent that the department identify the amounts for normal and legacy retirement costs for the fiscal year ending September 30, 2015.