

**Senate Bill 365 (Substitute H-1)
First Analysis (7-2-03)**

**Sponsor: Sen. Nancy Cassis
House Committee: Education
Senate Committee: Education**

THE APPARENT PROBLEM:

On July 28, 2000, Governor Engler signed Executive Order 2000-9, which established a new two-year state agency called the Center for Educational Performance and Information. The new agency, customarily called "CEPI," was to be responsible for coordinating and managing the Database for Educational Performance and Information (sometimes called DEPI), which had recently been funded at \$17 million over three years by the School Aid Act budget for Fiscal Year 2000-2003. (Under that three-year budget, enrolled as Public Act 297 of 2000, \$10 million was appropriated for CEPI during Fiscal Year 2000, \$2.2 million was to be appropriated in Fiscal Year 2001, followed by \$2.3 million in Fiscal Year 2002, and then \$2.5 million in Fiscal Year 2003.)

Under the Executive Order, the Center was to house all data management functions then within the Department of Education. The focus of the Center was to create a single warehouse of education information that would help spur accurate and in-depth analysis of student achievement indicators, personnel information, infrastructure data, and school district financial reports.

In addition to locating all statutory data management functions within the Center, the Executive Order also transferred to the Center several programs administered by the Departments of Education and Treasury. These included the Department of Education's Michigan Education Information System (MEIS), and the Department of Treasury's then recently signed contract with Standard and Poors for school evaluation services. (See *BACKGROUND INFORMATION* below.)

The CEPI was to be a temporary agency, authorized for two years, beginning September 28, 2000. The governor appointed one person to serve as the director, who was responsible to guide and manage educational data. The Executive Order also directed

the Department of Education and all other agencies to provide administrative support to the Center.

In April 2002, the Center was relocated to the Office of the State Budget within the Department of Management and Budget, a relocation of the data management function that was authorized by Section 94a to the School Aid Act.

This year, the House-passed version of the Fiscal Year 2004 School Aid Act would fund CEPI at close to \$7 million--\$6,857,600 (\$2,357,600 Federal and \$4,500,000 GF/GP), at a level that is nearly \$2 million more than the amount recommended by the governor's executive budget. (See *BACKGROUND INFORMATION* below.) More detail about CEPI and its programs is available on its website at <http://www.michigan.gov/cepi>

Some have argued that CEPI's data collection function should be re-emphasized, most especially to ensure that local school districts submit data and information to only one state agency.

THE CONTENT OF THE BILL:

The bill would amend the State School Aid Act to require that the Center for Educational Performance and Information (customarily called "CEPI") collect all information from school districts and intermediate school districts that is required by state or federal law, and currently submitted to various state departments, officers, or agencies.

The bill specifies that by August 15, 2004, each state department, officer, or agency that collects information from districts or intermediate districts would have to make arrangements with CEPI and the districts, to have CEPI collect the information, and then to provide the information collected to the department, officer, or agency, as necessary. Under the bill, CEPI would have to arrange to collect the information electronically, to the extent that it would

not cause financial hardship. Finally, the bill specifies that each affected state department, officer, or agency would have to provide CEPI with any details necessary to ensure the data collection.

MCL 388.1694a

HOUSE COMMITTEE ACTION:

The members of the House Education committee altered the Senate-passed version of the bill in two ways:

First, Senate Bill 365 (H-1) was changed to specify that the centralized reporting requirements that are described under the bill would not apply to information collected from schools by the Department of Treasury under the Uniform Budgeting and Accounting Act, the Revised Municipal Finance Act, or section 1351a of the Revised School Code [which concerns borrowing of money and issuing of bonds by school districts, as well as the usage of bond proceeds]; and,

Second, the bill was changed to specify that CEPI could bill departments as necessary, in order to fulfill reporting requirements of state and federal law.

BACKGROUND INFORMATION:

Fiscal Year 2004 Funding for CEPI. The Executive Budget for Fiscal Year 2003-2004 reduced the state appropriation for the Center for Education Performance and Information (CEPI) by \$4.1 million (to about \$900,000) and proposed to eliminate funding for CEPI's contract with Standard and Poors, to save an additional \$2.5 million.

For the coming fiscal year, the School Aid Act is embodied in House Bill 4401(H-1) which has passed the House, and is in conference. CEPI is funded at \$6,857,600 (\$2,357,600 Federal and \$4,500,000 GF/GP).

The House of Representatives restored a portion of the cut recommended by the governor, but also reduced the CEPI appropriation by a total of \$1.9 million. In addition, the House-passed bill would reinstitute the contract with Standard and Poors, and would allocate \$2 million to that end.

Growth and Development of the Center for Educational Performance and Information (CEPI). In 2001, the Education Commission of the States (ECS) published a paper called the "Elementary and

Secondary Education Act (ESEA) 2001 Policy Brief" which concerned state information systems. According to that brief, Michigan was one of 17 states that had worked to develop a centralized longitudinal database that enabled policymakers to track the achievement of each student on the state's standardized tests (many of which were based upon a similar pioneering system that was used in North Carolina). Ten additional states were planning such a system.

Here in Michigan, the longitudinal data base that now assigns a 'unique number' to each student in order to track annual test progress has been under development for several years. The working draft of a report entitled a "Technical Manual and Data Dictionary" (dated 8-3-99), indicates that the Michigan Education Information System (MEIS) was begun by the Michigan Department of Education in 1996. (The manual itself was developed through the cooperative efforts of 12 pilot sites that included local and intermediate school districts, the Michigan Department of Education, the organization of Michigan School Business Officials, and the Michigan Pupil Accounting and Attendance Association.) The purpose of the information system, known then as MEIS, was to develop an infrastructure for the educational community that would gather school data via the Internet, store that data in a 'warehouse' that was secure, and then make the data accessible for decision makers.

The original goal of MEIS was to establish the essential student data elements that must be maintained and reported by districts about each public school student in Michigan, a project that came to be called the creation of a 'Single Record Student Database.'

The primary focus of the 'Single Record Student Database' was the accurate accounting of student information which, when stored in the MEIS 'warehouse,' would be relationally linked to teacher, fiscal, and performance data. From its onset, the system was expected to replace and expand the paper-driven method of reporting which captured aggregate information by school. It required that 1) the educational community move from multiple data elements and different definitions to a common language, 2) school districts move from multiple collections to single student records, 3) first the department (and later CEPI) move from multiple databases to a single relational data model, and 4) the state move from several reporting dates to three reporting dates.

The data system built upon individual student records, including MEAP test scores. Each student was assigned a ten-digit unique identification code (UIC). The creation of the UIC allowed relations to be created and linked with achievement, fiscal, and teacher databases; allowed tracking of students from the fall to the end of year count-day, as well as longitudinal studies; and, provided the flexibility of merging data from different files to promote richer analysis without threatening to expose personally identifiable information. According to the early report, each school district was to be responsible for the accuracy and completeness of its student data, while the intermediate school district would use a cooperatively developed error checking process to validate district data. Student data would be entered and exported from a school district only through acceptable channels and by staff with appropriate clearance.

At the time the MEIS data system was envisioned, as many as 20 states had no plans to match student test records statewide by 'unique number' in a centralized reporting system like Michigan's. Instead, those states chose to maintain a decentralized system rather than a single state repository such as CEPI, in which school districts kept some information and the state retained other data. Then sophisticated statistical sampling techniques could be used to develop regular snapshots of student achievement within the state. Generally, the states selecting this decentralized approach to ensure external accountability did so in consideration of student privacy, cost containment, and their enhanced ability to target limited technical assistance resources (money and people) to the schools that needed it most.

Since the reauthorization of the federal Elementary and Secondary Education Act (ESEA) in January 2001—the federal law more customarily called the No Child Left Behind Law—many states that adopted decentralized approaches to external accountability have shifted toward policies of greater centralization, since NCLB requires state education systems to measure and report students' annual progress on standardized tests, disaggregating that achievement progress by race, gender, language proficiency, disability, and degree of poverty.

FISCAL IMPLICATIONS:

The House Fiscal Agency notes that the state fiscal impact of the bill is indeterminate. The CEPI would incur additional costs associated with the gathering of the data that is now collected and compiled by other state agencies. The Center would need additional

staff to collect and compile the data, and would incur increased hardware and software application costs. There may also be some personnel savings from the various state agencies currently collecting the data because they would no longer be required to do so.

The fiscal impact to school districts and intermediate school districts would vary by district. Under the bill, districts would be reporting the required data to CEPI only. This may result in some initial costs for new software applications, as the data may be compiled differently than under the current reporting structure. (5-12-03)

The Senate Fiscal Agency concurs that the fiscal impact of the bill is indeterminate, at both the state and the local levels.

On the state side, it is likely that there would be additional cost initially, as CEPI would gear-up to collect new information that is currently received by other state agencies. The center would have increased personnel needs, and possibly increased hardware and software application costs, in order to electronically collect and compile the information required by other state agencies. However over time, the Senate Fiscal Agency notes, the need for increased personnel and new hardware and software would diminish, as the system's implementation became more streamlined. Simultaneously, the need for current data collection analysts in state agencies would diminish, as CEPI assumed their functions.

The Senate Fiscal Agency observes that the likely fiscal impact on local school districts is more difficult to characterize. If districts continued to face the same reporting requirements, then they would benefit from having to report to one state agency, CEPI, rather than several. If there is currently duplication in reporting (and the same information is being provided to more than one state agency), then the local district would experience a cost savings as the duplication was eliminated. Further, the agency notes that it is feasible that by centralizing the reporting, local school districts would centralize the data collection function at the local level, possibly needing fewer employees to submit electronic data in the standardized formats required by CEPI. The agency concludes that putting an actual cost estimate to this analysis is not practicable. (4-30-03)

ARGUMENTS:***For:***

The intent of this legislation is to simplify the data reporting process for the officials of school districts who convey various reports to state officials as part of their overall accountability to taxpayers, and to ensure adequate standards of health, safety, and achievement for students and teachers. According to estimates, under the bill the Center for Educational Performance and Information could be responsible for collecting as many as 259 different reports now filed with seven agencies of the state government: 150 reports collected by the Department of Education; 77 reports by the Department of Consumer and Industry Services; 5 reports by the Department of Management and Budget; 6 reports for the Department of Attorney General; 20 reports for the Secretary of State; and 1 report for the Michigan State Police. The legislation would make the data reporting and retrieval processes more coherent for school districts, and education policy analysts. It could also reduce costs for the seven state agencies now collecting information from officials in school districts.

Against:

Concern has been expressed that the financial resources that CEPI will require to incorporate these many diverse data reporting systems into one uniform, comprehensive, and coherent database have not been addressed.

POSITIONS:

The Center for Educational Performance and Information testified in support of the bill. (7-2-03)

The Michigan Education Association has indicated support for the bill. (7-2-03)

Analyst: J. Hunault

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.