FY 2017-18: DEPARTMENT OF EDUCATION

Summary: Conference Report House Bill 4234 (H-2) CR-1



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	FY 2016-17 YTD	FY 2017-18	FY 2017-18	FY 2017-18	FY 2017-18		ifference: Conference From FY 2016-17 YTD	
	as of 2/8/17	Executive	House	Senate	Conference	Amount	%	
IDG/IDT	\$0	\$0	\$0	\$0	0	\$0		
Federal	239,821,900	251,854,700	251,854,700	255,554,700	254,084,700	14,262,800	5.9	
Local	5,557,200	5,817,200	5,817,200	5,817,200	5,817,200	260,000	4.7	
Private	2,034,200	2,034,300	2,034,300	2,034,300	2,034,300	100	0.0	
Restricted	8,380,700	8,567,600	8,567,600	8,567,600	8,567,600	186,900	2.2	
GF/GP	76,181,200	81,035,700	79,118,900	81,035,700	80,035,700	3,854,500	5.1	
Gross	\$331,975,200	\$349,309,500	\$347,392,700	\$353,009,500	\$350,539,500	\$18,564,300	5.6	
FTEs	603.5	609.5	605.5	609.5	609.5	6.0	1.0	

Notes: (1) FY 2016-17 year-to-date figures include mid-year budget adjustments through February 8, 2017. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

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 2016-17 YTD Appropriations		Year-to-Date (as of 2/8/17)	Conference Change
1. Child Development and Care (CDC) – Provider Reimbursement Rate	Gross	\$133,966,100	\$19,430,000
Increase	Federal	108,185,400	11,030,000
Executive provides \$27.2 million Gross (\$18.8 million federal Child Care	GF/GP	\$25,780,700	\$8,400,000

Development Fund (CCDF) and \$8.4 million GF/GP) to increase the reimbursement rate for childcare providers delivering services through the CDC program. Increased funding is intended to more closely match the federal recommendation that reimbursement rates equal the 75th percentile of market rates.

House concurs with Executive.

<u>Senate</u> provides \$23.8 million Gross (\$16.7 million federal CCDF and \$7.1 million GF/GP) to increase the reimbursement rate for childcare providers delivering services through the CDC program. This is an alternative rate increase than as offered by the Executive and concurred with by the House. *Boilerplate section 1004* provides more detail on the Senate rate increase. Of the total increase, \$1.0 federal CCDF is for the TEACH scholarship program.

Conference provides \$19.4 million Gross (\$11.0 million federal CCDF and \$8.4 million GF/GP) to increase the reimbursement and is an alternative rate schedule than as offered by the Executive or Senate. *Boilerplate section 1002* provides more detail on this increase. The TEACH scholarship was shifted to the office of great start operations, which is described in *point 4 below*.

2. Child Development and Care (CDC) – Increase Entrance Threshold
Executive and House do not include.

<u>Senate</u> provides \$5.8 million federal CCDF to increase the CDC program's entrance threshold from 125% of the federal poverty guidelines to 130% of the federal poverty guidelines.

<u>Conference</u> provides \$5.5 million federal CCDF to increase the CDC program's entrance threshold from 125% of the federal poverty guidelines to 130% of the federal poverty guidelines.

Gross	\$133,966,100	\$5,500,000
Federal	108,185,400	5,500,000
GF/GP	\$25.780.700	\$0

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Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference <u>Change</u>
3. CDC – Licenses-Exempt Monitoring Executive provides \$1.4 million federal CCDF to ensure that license-exempt providers—providers offering care in their own home to a related child or providers unrelated to the child but offering care in the child's own home—are offering care that meets health and safety requirements. House, Senate, and Conference concur with Executive.	Gross Federal Private Restricted GF/GP	\$23,177,400 15,814,900 250,000 64,600 \$7,047,900	\$1,365,500 1,365,500 0 0 \$0
4. CDC – TEACH Scholarship Executive and House do not include. Senate provided \$1.0 million federal CCDF for the CDC public assistance line item and attached to point number 1 above. Conference provides \$1.0 million federal CCDF for the office of great start operations for the TEACH scholarship to increase credit-based educational opportunities for child care providers that are trying to increase their great start to quality star rating.	Gross	\$23,177,400	\$1,000,000
	Federal	15,814,900	1,000,000
	Private	250,000	0
	Restricted	64,600	0
	GF/GP	\$7,047,900	\$0
5. CDC – Background Check Staffing in Licensing and Regulatory Affairs (LARA) Executive provides \$800,000 federal CCDF for staff in LARA to implement a new federally required background check and fingerprinting process and to notify providers of any employee ineligible to work in childcare settings. House, Senate, and Conference concur with Executive.	Gross	\$27,374,500	\$800,000
	Federal	27,374,500	800,000
	GF/GP	\$0	\$0
6. State Aid to Libraries Increase Executive and House do not include. Senate increases state aid to libraries by \$2.9 million GF/GP for a total of \$12.7 million GF/GP. Conference increases state aid to libraries by \$1.2 million GF/GP for a total of \$11.1 million GF/GP.	Gross	\$9,876,000	\$1,191,700
	GF/GP	\$9,876,000	\$1,191,700
7. State Assessments Staffing Executive provides \$2.6 million GF/GP to support 10.0 FTEs, currently authorized in the budget but unfunded, to improve the quality, validity, and reliability of state academic assessments and to measure student academic growth and achievement. Federal funding for state assessments have decreased in recent years, thus reducing funding for FTE positions. House revises to provide \$1.3 million GF/GP with the intent to fund 5.0 of the 10.0 Executive Recommendation FTEs. Senate provides \$1.0 million GF/GP with the intent to cover the federal funds adjustment noted in point 8 below, Federal Funds Adjustment. Conference concurs with Senate.	Gross	\$14,619,400	\$1,000,000
	Federal	13,476,200	0
	GF/GP	\$1,143,200	\$1,000,000
8. Federal Funds Adjustment Executive recognizes a \$1.0 million net reduction in federal Title VI funds to the Accountability Services Unit related to assessment support funding. The net change includes a \$2.0 million reduction in the "State Assessments and Related Activities" grant and a new \$1.0 million "Enhanced Assessment Instruments" grant. House, Senate, and Conference concur with Executive.	Gross	\$14,619,400	(\$1,000,000)
	Federal	13,476,200	(1,000,000)
	GF/GP	\$1,143,200	\$0
9. Partnership Model with Districts Executive creates a new unit titled Partnership District Support and provides \$641,800 GF/GP and 4.0 FTEs (along with \$3.0 million for eligible districts in the School Aid budget) for the unit to work with other education stakeholders to assist districts struggling with poor student academic performance. Interventions would be provided to districts not yet under the authority of the School Reform Office (SRO). House does not include this Executive Recommendation. Senate includes 4.0 FTEs and a \$100 GF/GP placeholder with the remaining funds withheld in academic early warning and intervention until a legislative transfer is requested. Conference concurs with Senate placeholder but does not include the funding withheld in the Academic Early Warning and Intervention point below.	FTE	NA	4.0
	Gross	NA	\$100
	GF/GP	NA	\$100

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	FY 2017-18 Conference <u>Change</u>
10. Academic Early Warning and Intervention Executive and Senate does not include this line item. Senate provides \$641,700 GF/GP which is intended to fund the partnership model with districts but is currently held in the academic early warning and intervention line item until the legislature passes a legislative transfer. Conference does not include.	FTE	NA	0.0
	Gross	NA	\$0
	GF/GP	NA	\$0
11. Field Services – Every Student Succeeds Act (ESSA) Required Staffing Executive provides 2.0 FTEs to the Field Services Unit for new ESSA staffing requirements: 1) 1.0 FTE for a nonpublic schools ombudsman to ensure equity of Title I and Title VIII funds of ESSA for private school children, teachers, and other educational personnel; 2) 1.0 FTE for a foster care liaison to act as a point of contact for child welfare agencies and to oversee the stability of children in foster care as dictated in section 1111(1)(E) of ESSA and the Fostering Connections Act. House, Senate, and Conference concur with Executive.	FTE	45.0	2.0
	Gross	\$9,349,200	\$0
	Federal	8,599,200	0
	Restricted	37,300	0
	GF/GP	\$712,700	\$0
12. Transfer of FTEs and Funds from the Office of Education Improvement and Innovation (OEII) to the Michigan Schools for the Deaf and Blind Executive shifts 5.0 FTEs and \$712,900 federal funding from OEII and provides the Michigan Schools for the Deaf and Blind with 5.0 FTES and \$712,900 Gross (\$365,900 federal and \$347,000 Local cost sharing, Schools for the Deaf and Blind). The funding and FTEs do not indicate increases to the overall budget, but instead are interunit transfers. This funding and FTE shift is necessitated by the increased Enrollment at the Michigan School for the Deaf from 122.7 FTEs in the 2012 school year to 171.2 FTEs in the 2017 school year. House, Senate, and Conference concur with Executive.	FTE Gross Federal Local Restricted GF/GP	NA NA NA NA NA	0.0 \$0 (347,000) 347,000 0 \$0
13. Michigan Schools for the Deaf and Blind Operations Executive there is a reduction of \$312,500 in local school district service fees, which is partially offset by an increase of \$162,500 in local cost sharing for the Schools for the Deaf and Blind. House, Senate, and Conference concur with Executive.	Gross Federal Local Restricted GF/GP	\$12,812,700 7,048,600 5,545,500 218,600 \$0	(\$150,000) 0 (150,000) 0 \$0
14. Low Incidence Outreach Program Executive provides \$150,000 restricted fund to the Low Incidence Outreach program. A majority of the increased appropriations authority for the Low Incidence program comes from the specialized Braille books they produce. The authority will also allow for increasing the amount of professional development for staff, parents, and students and the ability to upgrade equipment. House, Senate, and Conference concur with Executive.	Gross	\$300,000	\$150,000
	Restricted	300,000	150,000
	GF/GP	\$0	\$0
15. Renaissance Zones Adjustment Executive reduces reimbursements to libraries for local revenue lost due to renaissance zones by \$2.0 million GF/GP to reflect the expiration of existing zones. House, Senate, and Conference concur with Executive.	Gross	\$5,300,000	(\$2,000,000)
	GF/GP	\$5,300,000	(\$2,000,000)
16. One-Time Appropriation – Drinking Water Declaration of Emergency Executive provides a \$100 restricted fund placeholder for the Drinking Water Declaration of Emergency. House, Senate, and Conference concur with Executive.	Gross	NA	\$100
	Restricted	NA	100
	GF/GP	NA	\$0
17. CDC – FY 2017-18 Caseload Consensus Conference increases gross appropriation by \$3.5 million federal CCDF to align with consensus caseload estimates and consensus cost per case estimates.	Gross Federal GF/GP	\$133,966,100 108,185,400 \$25,780,700	\$3,500,000 3,500,000 \$0

Major Budget Changes From FY 2016-17 YTD Appropriations		FY 2016-17 Year-to-Date (as of 2/8/17)	Conference Change
18. Economic Adjustments	Gross	NA	\$827,000
Executive reflects increased costs of \$827,000 Gross (\$206,000 GF/GP) for	Federal	NA	516,000
negotiated salary and wage increase (3.0% ongoing after removing the FY	Local	NA	63,000
2016-17 one-time 1.5% lump sum), actuarially required retirement	Private	NA	100
contributions, worker's compensation, building occupancy charges, and other	Restricted	NA	41,900
economic adjustments.	GF/GP	NA	\$206,000
House, Senate, and Conference concur with Executive.			

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Major Boilerplate Changes From FY 2016-17

The Executive deleted a number of boilerplate sections that the House, Senate, and Conference retained which include the following sections:

Sec. 219 Kindergarten Entry Assessment Participation – Requires the department to ensure that the kindergarten entry assessment includes a method for information to be provided regarding a child's participation in the great start readiness program. **Sec. 221 Personnel Records** – Directs that MDE require districts to retain teacher personnel records regarding sexual misconduct.

Sec. 222 Communication with the Legislature – Prohibits MDE from taking disciplinary action against an employee for communicating truthfully and factually with a legislator or his/her staff.

Sec. 223 Records Retention – Requires MDE to retain all reports funded from appropriations according to federal and state guidelines for short-term and long-term retention of records.

Sec. 227 Timely Data – 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 statue are not submitted within 30 days after it is due.

Sec. 229 Contract Notification – 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.

Sec. 302 Travel Expenditures – Prohibits spending over \$35,000 for in-state and out-of-state travel for Board of Education members.

Sec. 325 Federal and Private Grants – Requires the 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.

Sec. 502 Student Teaching Credits – Authorize teacher preparation institutions to provide alternative programs in which one-half of all student teaching credits can be earned through substitute teaching.

Sec. 803. Keep Library Functions Together – Provides intent that the State maintain the Library of Michigan and its component programs, except for the genealogy collections, together in a state department.

Sec. 216. 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 and House delete this section. Senate maintains current law. Conference deletes this section.

Sec. 225. Grant Application Penalty - NEW

Creates a new section requiring the department to send and post grant applications available in the FY 2017-18 School Aid Budget by October 1, 2017, and open the grant application process for grant funds appropriated in the FY 2017-18 School Aid Budget by November 1, 2017. If the department fails to comply, there would be a 1% reduction in state money for state board/superintendent operations.

<u>Executive</u>, <u>House</u>, <u>and Senate</u> do not include this section. <u>Conference</u> adds this section.

Sec. 228. Requests for Proposals - DELETED

Prohibits department from issuing a request for proposal for a contract exceeding \$1.0 million unless it first considers issuing a request for information or request for qualification.

Executive deletes this section. <u>House</u> maintains current law. <u>Senate</u> deletes this section. <u>Conference</u> deletes this section.

Sec. 230. Nonpublic School Mandates - RETAINTED

Requires MDE to compile a report that identifies any new, or lack thereof, mandates required of nonpublic schools by April 1, 2017.

Executive deletes this section. House maintains current law. Senate concurs with Executive. Conference maintains current law.

Sec. 350. Special Education Reform Task Force Guidelines - REVISED

Requires the Office of Special Education to address the Special Education Reform Task Force Guidelines to design and distribute parent-friendly information for all Individualized Education Plans (IEPs), as well as train mediators knowledgeable about the dispute resolution system and state and federal mandates pertaining to the rights and protections of students with disabilities. Executive revises the recipients of this boilerplate from "all parents" with an Individualized Education Plans (IEP) to "all parents of a newly identified student with a disability" concerning the rights and protections of students with disabilities. House maintains current law to distribute parent-friendly information for all IEPs. Senate concurs with Executive. Conference concurs with House.

Major Boilerplate Changes From FY 2016-17

Sec. 503. Professional Development Coordination - REVISED

Currently, requires the department to coordinate professional development with the Michigan Virtual Learning Research Institute (MVU) and external stakeholders.

<u>Executive</u> removes the specification of which unit and line item within MDE is responsible for coordination of professional development coordination with Michigan Virtual University (MVU) and modifies it to coordinate between the entire department and MVU. <u>House</u> maintains current law. <u>Senate</u> revises the section so that MVU will coordinate with the MDE upon request rather than unconditionally. <u>Conference</u> concurs with Senate.

Sec. 701. MTSS K-3 At-Risk Funding Report - REVISED

Currently, requires the department to produce a report detailing the progress made by districts with grades K-3 receiving at-risk funding under section 31a of the state school aid act in implementing Multi-Tiered Systems of Supports (MTSS) in the prior school fiscal year.

Executive revises to expand the grade range and clarifies the grade range for districts that do not have certain grades. Revises the grade range from "K to 3" to "K to 8" or "all of the grades a district operates if the district operates less than grades K to 8." House concurs with Executive. Senate revises report to detail the following: progress made by districts with grades K to 3 receiving at-risk funding under section 31a of the state school aid act; progress made in implementing MTSS for grades 4 to 8; and progress made in providing reading intervention services required in section 1280f of the revised school code, for pupils in grades K to 3. Conference concurs with Senate.

Sec. 1001. Number of Childcare Providers - REVISED

Requires a report by November 1, 2016 on the number of childcare providers (by type) receiving a payment for childcare services on October 1, 2016.

<u>Executive</u> deletes this section. <u>House</u> revises the report to be the average number of eligible child care providers by type receiving payment for child care services from the department during the previous fiscal year rather than the number for a specific date during the previous fiscal year. <u>Senate</u> concurs with Executive. <u>Conference</u> concurs with House.

Sec. 1002. CDC Provider Reimbursement Rate Increase - NEW

Requires the department to increase the provider reimbursement rates for child care centers, group homes, and registered family homes under the following guidelines: by \$0.25 per hour for each child for empty star, 1-star, and 2-star; by \$0.50 per hour for each child for 3-star and 4-star; and by \$0.75 for 5-star. For unlicensed providers, the provider reimbursement rate would increase by \$0.25 per hour for each child for tier 1 and \$0.75 per hour for each child for tier 2. The department is also required to publish the new final reimbursement rates on its and the great start to quality webpages by the date that the new rates take effect. Executive, House, and Senate do not include this section. Conference adds this section.

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

Requires the department to submit an annual report on all funding appropriated to the Early Childhood Investment Corporation (ECIC) for FY 2015-16 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 this section. House revises to remove the specific reference of the early childhood investment corporation. Also, revises to require there be at least three bids submitted for the early childhood comprehensive systems planning contract, and if there are not three bids submitted, the process must start over until there are at least three bids submitted. Senate maintains current law. Conference revises this section to require a request for proposal process that includes a minimum of 3 bids for the early childhood comprehensive systems planning contract, and it also requires the department to create a new report to go to the state budget director, the house and senate subcommittees that oversee the department of education, and the house and senate fiscal agencies 30 days before the request for proposal is made public.

Sec. 1004. CDC Program Expansion – REVISED

Requires the department to expend the funding for the CDC program on increasing the number of low-income children in high quality early learning programs, increasing the number of children ready for school at kindergarten entry, and increasing the number of children who are at grade level by the end of third grade.

Executive revises to make a technical change. House concurs with Executive. Senate revises the intent of the section to the following: 1) provide \$1.0 million to the TEACH scholarship program and to give preference to providers with a great start to quality star rating or in the process of receiving a star rating and providers that are seeking a star rating and lack the number of employees with the proper credentials to obtain an increase in star rating; 2) revises to increase the provider reimbursement rate for child care centers at a rate of \$0.50 for empty star, \$1.00 for 1 or 2 star, \$1.25 for 3 or 4 star, and \$1.50 for 5 star; 3) increase the reimbursement rate for unlicensed infant or toddler providers not more than \$0.25; 4) if there are remaining funds, to increase the reimbursement rate for group homes and registered family homes to the seventy fifth percentile of the market rate, while ensuring that increases to empty star ratings are not greater than increases to the higher star ratings; 5) and, finally, the department would be required to ensure that the final provider reimbursement rates determined under this section are published on the department and great start to quality webpages by the date that the new rates take effect. Conference revise to replace Sec. 1004 with the Senate's language concerning the TEACH Scholarship that will provide \$1.0 million federal CCDF for the preference for funding providers trying to increase their great start to quality star rating.

Major Boilerplate Changes From FY 2016-17

Sec. 1005. CDC Childcare Monitoring - NEW

<u>Executive</u> provides a new section that requires the MDE to coordinate with LARA to provide fingerprint services and background checks of employees of childcare providers as required by the federal Child Care and Development Block Grant. <u>House and Senate and Conference</u> concur with Executive.

Sec. 1007. CDC Progress Reports - REVISED

<u>Executive</u> revises the biannual CDC progress reports to a single report and makes the following changes to the report: clarifies and identifies the types of onsite visits that are to be reported (initial licensure visits, annual monitoring inspections, complaint investigations, follow-up visits, and other visits required); rather than reporting on the number of visits for each type of onsite visit, the report would require the average number of onsite visits per consultant by licensing type; and revises to remove the requirement to track the number of times consultants and managers participate in professional development and instead requires them to list the activities of professional development that improve performance and quality. <u>House</u> concurs with Executive. <u>Senate</u> revises to report the number of providers that have improved their quality rating by prosperity zone. <u>Conference</u> concurs with Senate.

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

Requires the Department to use \$7.7 million federal CCDF to increase the eligibility entrance threshold of the CDC program from 121% of the federal poverty guidelines to 125% of the federal poverty guidelines.

<u>Executive</u> deletes this section. <u>House</u> revises to sets the eligibility entrance threshold at 125% of the federal poverty guidelines and removes the specific amount necessary to increase the CDC program eligibility entrance threshold from 121% to 125% of the federal poverty guidelines, which was achieved in the FY 2016-17 MDE budget. <u>Senate</u> revises to allocate \$5.8 million to increase the CDC entrance threshold from 125% of the federal poverty guidelines to \$130% of the federal poverty guidelines. Conference concurs with Senate but allocates \$5.5 million rather than \$5.8 million.

Sec. 1010. Drinking Water Declaration of Emergency Work Project - DELETED

Provides that funding for the drinking water declaration of emergency, if not fully expended by September 30, 2017, is a work project and may be spent in the following fiscal year.

Executive, House, Senate, and Conference delete this section.

Sec. 1030. Partnership District Model Support - NEW

Requires a legislative transfer from the line item academic early warning and intervention to make available the funds appropriated in part 1 for partnership district support operations.

Executive and House do not include this section. Senate adds this section. Conference does not include.

Sec. 1101. Drinking Water Declaration of Emergency CDC Pilot - REVISED

Requires that from the funds for the drinking water declaration of emergency, the MDE must perform the following activities: pilot the expansion of CDC eligibility to children ages 0 to 3 for half-day childcare services for household income up to 300% of the federal poverty guidelines; provide information to childcare providers on identification and intervention services for children demonstrating potential developmental delays associated with exposure to lead; and provide a report on various metrics associated with the pilot's outcomes.

<u>Executive</u> deletes this section. <u>House</u> maintains current law. <u>Senate</u> deletes this section. <u>Conference</u> revises the report to continue until all of the funding for the Flint CDC pilot has been spent rather than until the drinking water declaration of emergency has been lifted.

Sec. 1102. Lead Water Testing - DELETED

Requires a reimbursement of \$4.5 million and up to \$950 per school building for the costs for water testing, fixture replacement, filter purchases, plumbing assessments, and/or technical assistance incurred from July 1, 2016 to September 30, 2017. Executive, House, Senate, and Conference delete this section.

Sec. 1201. FY 2017-18 - DELETED

Expresses intent that FY 2017-18 appropriations are anticipated to be the same as FY 2016-17 appropriations, except for adjustments for changes in caseloads, federal match rates, economic factors, and available revenue. Executive, House, Senate, and Conference delete this section.