



Background Briefing

DEPARTMENT OF EDUCATION

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December 2014

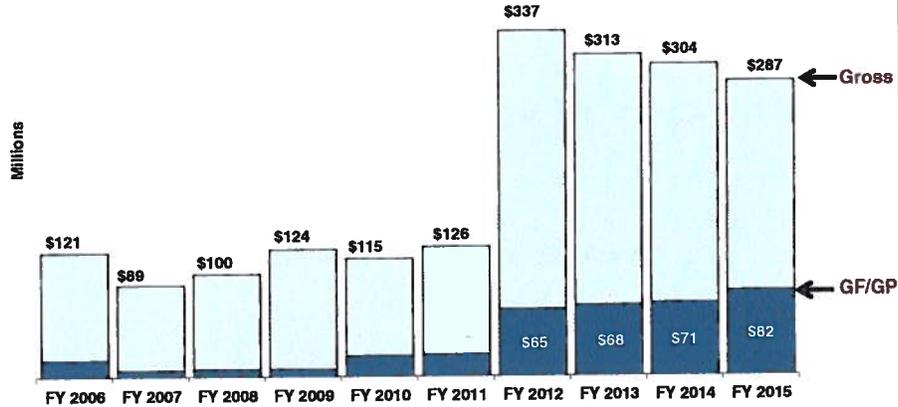
State Board of Education

- "Leadership and general supervision over all public education, including adult education and instructional programs in state institutions...is vested in a state board of education. It shall serve as the general planning and coordinating body for all public education, including higher education, and shall advise the Legislature as to the financial requirements in connection therewith."
- "The state board of education shall appoint a superintendent of public instruction whose term of office shall be determined by the board. He shall be chairman of the board without the right to vote, and shall be responsible for the execution of its policies. He shall be the principal executive officer of a state department of education which shall have powers and duties as provided by law."

-- The Michigan Constitution
Article VIII, Section 8

Education: Gross Appropriations

The Department of Education appropriations have undergone significant change due to program transfers both in and out of the department. These transfers include, most recently, the state's child development and care program (CDC) (FY 2011-12) and the Library of Michigan (FY 2009-10). Recent reductions are due to declining CDC caseloads.



Note: FY 2009 figures do not include \$925 million in one-time federal American Recovery and Reinvestment Act (ARRA) grants that were distributed to school districts through the Department of Education budget.

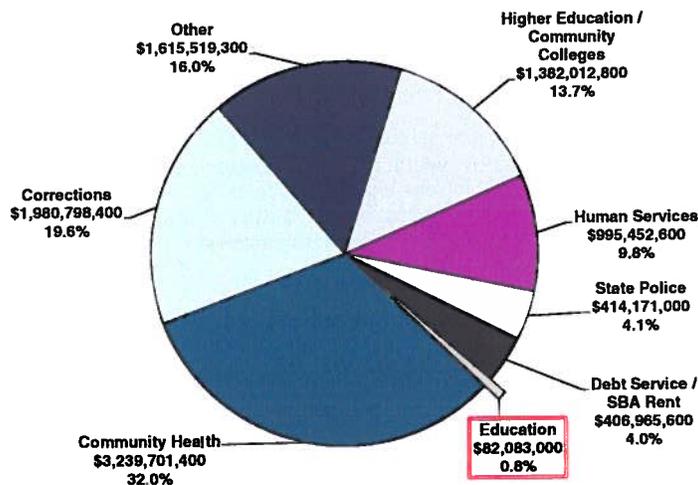
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3

Education Share of State GF/GP

The Department of Education makes up 0.8% of the total state GF/GP budget

FY 2014-15 GF/GP Total = \$10,116,704,100



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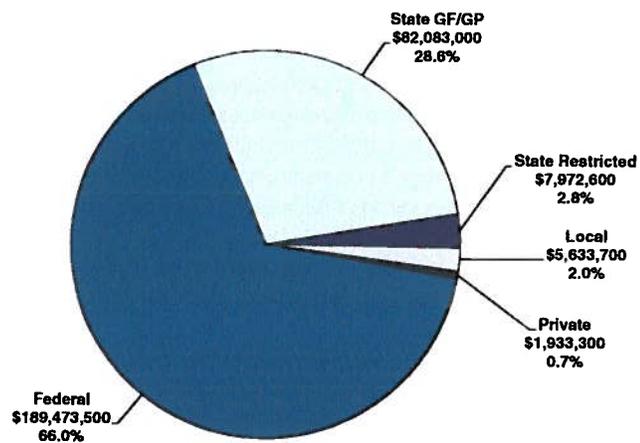
4

SOURCES OF FUNDING

Department of Education Funding Sources

Federal funds are the largest revenue source in the Department of Education budget.

FY 2014-15 Education Budget = \$287,096,100



DEPARTMENT APPROPRIATIONS

Department of Education Appropriations

The Department of Education provides:

- Technical assistance to schools
- Curriculum and grade level content standards
- School accreditation standards
- Administration of state aid to school districts
- Education assessments development and administration
- Compliance with federal "No Child Left Behind" Act
- Teacher certification and professional development
- Grants to schools and local educational organizations
- Clearinghouse for school safety issues
- Library of Michigan services to state government and the public
- Administration of state aid to public libraries
- Child day care subsidies

Total School Aid and Education Grant Appropriations: \$14,012.6 million

- **MDE Administration Appropriations: \$144.8 million (1% of total)**

Department of Education Appropriations

- **State Board of Education/Office of the Superintendent (\$2.9 million)**
 - Administrative staff in support of the State Board and Superintendent including a Deputy Superintendent for Administration, governmental affairs staff and other support staff
 - Per Diem payments, as authorized by 1964 PA 187, set in boilerplate.
- **Special Education Services (\$8.9 million)**
 - Administers education and early intervention programs and services for young children and students with disabilities
 - Identification, evaluation, and provision of programs to meet individual educational needs
- **Michigan Schools for the Deaf and Blind (\$13.2 million)**
 - Located in Flint, delivers educational and residential services to students who are hearing or visually impaired
 - Provides technical assistance and resources to local districts funded partially through cost-sharing
- **Professional Preparation Services (\$6.0 million)**
 - Assures that professional school personnel complete quality training and professional development programs
 - Teacher certification, oversight of teacher preparation institutions

Department of Education Appropriations

- **Great Start (\$151.2 million)**
 - Consolidates early child education programs (MDE) and child care and development programs (formerly DHS)
 - Includes child care assistance payments
- **State Aid and School Finance (\$1.9 million)**
 - Administers School Aid funding to districts
 - Counsels districts on school finance and tax policy issues, financial accounting, and pupil accounting
 - Oversees school district deficit elimination plans
- **Audit Services (\$0.6 million)**
 - Auditing and technical assistance to districts on financial and pupil accounting
 - Conducts desk reviews and quality control reviews of audit reports.
- **Administrative Law Services (\$1.3 million)**
 - Hearings concerning teacher tenure, property transfer, teacher certification, pupil membership audits
 - Selection and training of special education hearing officers

Department of Education Appropriations

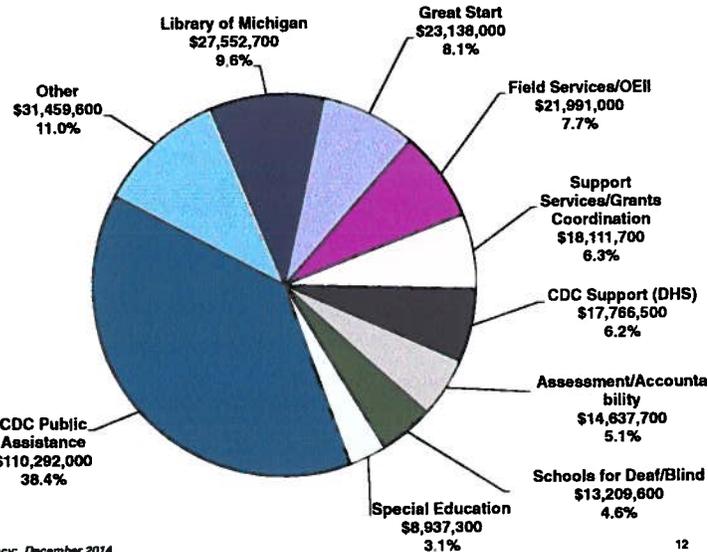
- Educational Assessment and Accountability (\$14.6 million)**
 - Develops, administers, analyzes and reports on MEAP, Merit Examination, and other assessments
 - School district accountability and accreditation
- School Support Services (\$18.1 million)**
 - Administers federal and state grants including Food and Nutrition programs, school health and safety, and transportation
- Field Services (\$9.2 million)**
 - Oversight of federal Elementary and Secondary Act (ESEA) Title I (Disadvantaged Children) and Title II (Teacher Quality) grant funds and state At-Risk categorical grants
 - Develops district needs assessments and school improvement plans
- Educational Improvement and Innovation Services (\$12.8 million)**
 - Responsible for curriculum development, online learning requirements and standards, and school improvement services
 - Public School Academies unit
- Career and Technical Education Services (\$4.8 million)**
 - Manages secondary career and technical education programs, including oversight of courses and program providers

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11

Department of Education Appropriations

FY 2014-15 Education Budget = \$287,096,100



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12

MAJOR BUDGET TOPICS

FY 2014-15 Budget Highlights

- **Child Development and Care (CDC)—Hours Increase:**
 - An increase of \$6.9 million in federal Child Care Development Fund (CCDF) for the CDC Program to increase the maximum allowable reimbursable hours for subsidized child care from 80 to 90 hours in a two-week period.
- **Child Development and Care (CDC)—Tiered Reimbursement:**
 - An increase of \$3.7 million in federal CCDF to reimburse high quality childcare providers at higher hourly rates per a tiered reimbursement system based on quality ratings.
- **Child Development and Care (CDC)—Caseload Reduction:**
 - A decrease of \$36.6 million related to an estimated reduction in CDC caseload for a FY 2014-15 estimate of 18,200 cases per month.
- **Office of Great Start:**
 - Increases administrative support by 3.0 FTEs and \$404,000 GF/GP to provide additional administrative support for the Great Start Readiness Program (funded in the School Aid Budget), which has been more than doubled over the last two fiscal years.

FY 2014-15 Budget Highlights (cont.)

- **Financial Independence Team (FIT):**
 - Creates a new financial independence team tasked with implementing early warning systems for distressed schools in need of financial attention.
 - Includes \$778,100 GF/GP and 4.0 FTEs, to be utilized in conjunction with \$4.5 million and 9.0 FTEs in the Department of Treasury.
- **Low Achieving Schools—School Reform:**
 - Provides \$918,600 GF/GP and 6.0 FTEs for resources to help the lowest achieving schools to improve their academic programs and performance.
- **Library Funding—Renaissance Zone Reimbursements:**
 - Transfers 3.2 million in Renaissance Zone Reimbursements from the School Aid budget.
- **Library Funding—MPERS Payments:**
 - Transfers \$1.3 million state share for MPERS payments to Libraries from the School Aid budget.
 - Provides \$900,000 for the required increase in the state share for MPERS payments.

LIBRARIES

Library of Michigan/State Aid to Libraries

- Transferred from the Department of History, Arts, and Libraries in FY 2009-10
- Supports the operation of the Library of Michigan (\$4.4 million GF/GP)
- Supports State Aid to Libraries (\$8.9 million GF/GP), based on:
 - \$0.50 per capita to public libraries meeting minimum standards
 - \$0.50 per capita to public libraries for cooperative services
 - \$0.50 per capita to cooperative libraries
 - \$10/mi² to cooperative libraries with low population density
 - Reimbursement of up to \$4,800 for the director's salary for county libraries serving populations of less than \$50,000.
- Minimum Standards for Public Libraries
 - “Lawfully established” as a public library
 - Maintain local support equal to 3/10 mill
 - Personnel certification requirements set by Library of Michigan
- State Aid payments are subject to proration based on available appropriations.

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17

State Aid to Libraries

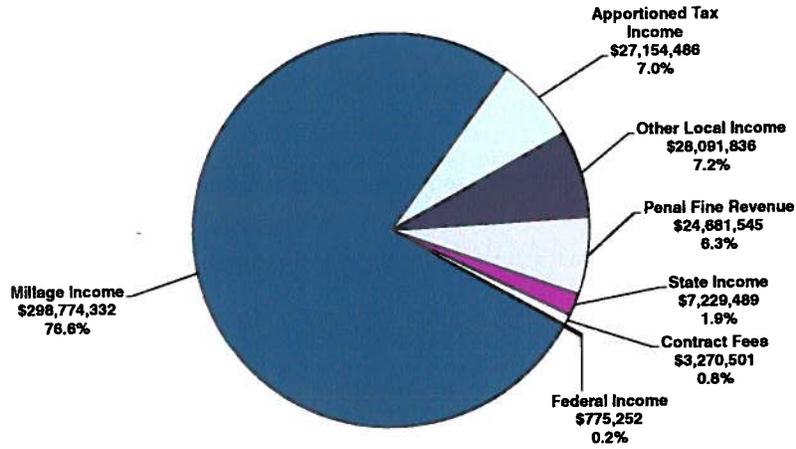


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18

Public Libraries' Operating Income

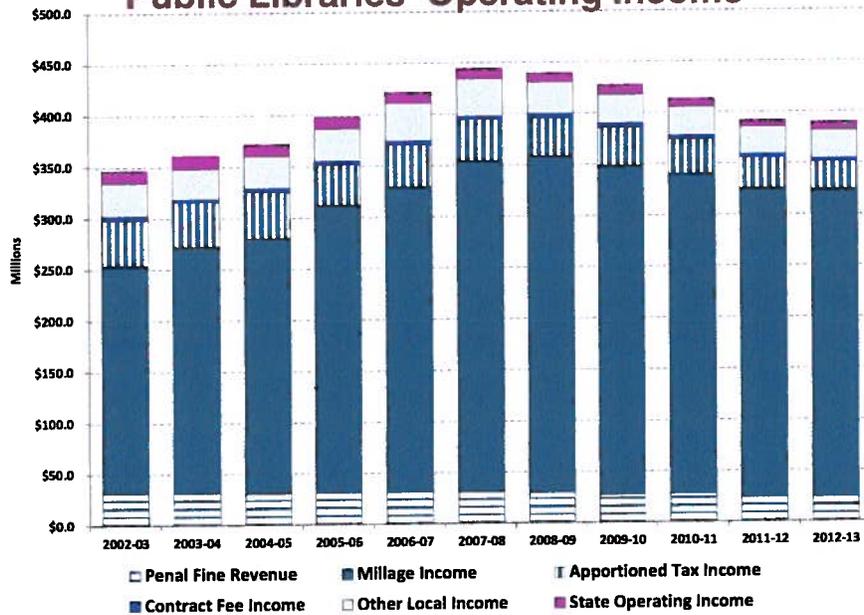
FY 2012-13 Total Operating Income = \$389,977,441



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19

Public Libraries' Operating Income

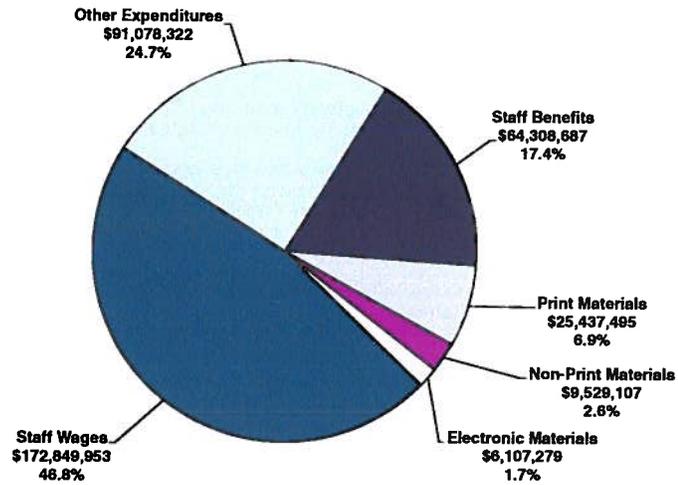


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20

Public Libraries' Operating Expenditures

FY 2012-13 Total Operating Expenditures = \$369,310,843



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21

**CHILD DEVELOPMENT AND
CARE (CDC) SERVICES**

Child Development and Care (CDC) Services

CDC services are provided for the financial assistance for child day care to qualifying families when the caretaker is unavailable due to employment, education, treatment of health/social condition, or other approved activity.

Michigan may establish its own eligibility guidelines/payment structure within the following federal guidelines.

- **Family Eligibility**
 - States may serve families already receiving federal and state assistance, as well as families with incomes up to 85% of state median income (based on a sliding scale for family size).
 - Michigan serves families with monthly income below \$1,990 for typical family of three, \$23,880 annually—around 40% of median income.
 - Michigan categorically serves Family groups receiving Family Independence Program (FIP) assistance, foster care families, and families with protective service cases.
- **Child Eligibility**
 - Federally, may serve children under age 13 (Michigan Concurs).
 - May serve children under 19 who are under court supervision or mentally or physically incapable of self-care (Michigan set at 18).
- **Provider Payments**
 - CCDF federal regulations recommend that states provide subsidies at the 75th percentile of market rate.
 - Michigan CDC rates are between the 3rd and 30th percentile (depending on provider type and age of child).

Child Development and Care (CDC) Provider Types

- **Licensed Centers**
 - A facility, other than a private home, licensed to care for one or more children.
- **Licensed Group Homes**
 - A private home licensed to care for up to 12 children at a time.
- **Registered Family Homes**
 - A private home registered to care for up to six children at a time.
- **Unlicensed Providers**
 - An adult who is 18 years or older and enrolled to provide child care for up to four children at a time (or six children, if all children are siblings or living at the same address).

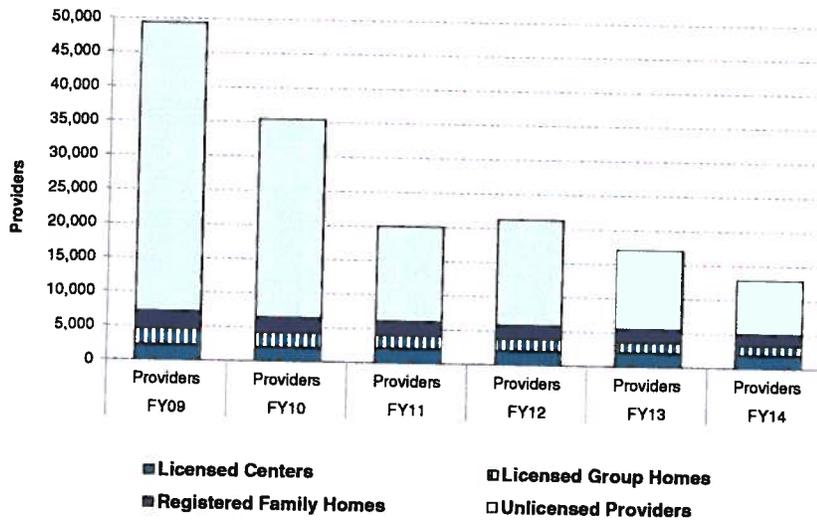
Child Development and Care (CDC) Provider Tiered Reimbursement

	Infant/Toddler (Birth to 2 ½)		Preschool/School-Age (Over 2 ½)	
	Child Care & Preschool Centers	Group and Family Child Care Homes	Child Care & Preschool Centers	Group and Family Care Homes
Base Rate	\$3.75	\$2.90	\$2.50	\$2.40
3 Star Rate Additional \$0.25/hour	\$4.00	\$3.15	\$2.75	\$2.65
4 Star Rate Additional \$0.50/hour	\$4.25	\$3.40	\$3.00	\$2.90
5 Star Rate Additional \$0.75/hour	\$4.50	\$3.65	\$3.25	\$3.15

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25

Child Development and Care (CDC) Services Provider Type



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26

Child Development and Care (CDC) Services

■ Child Care Development Fund (CCDF)

- **Mandatory Funds (\$32.1 million)**
 - Social Security Act, Section 418
 - Based on amount received for child care prior to 1996 welfare law
 - No match or maintenance of effort (MOE) required

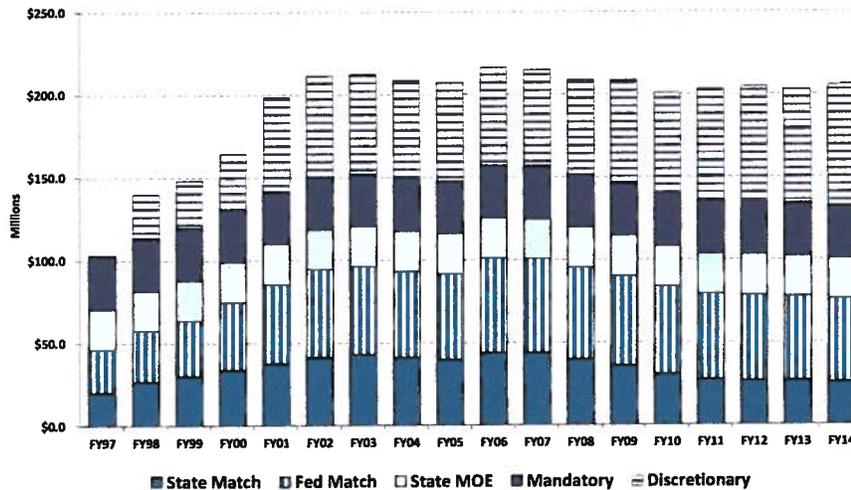
- **Matching Funds and MOE Level (\$100 million)**
 - Matched at current Medicaid match (FMAP) rates (65.54% in FY 2014-15)
 - Federal match (\$50.3 million)
 - State match (\$25.3 million)
 - MOE required (\$24.4 million)
 - School Aid Budget At-Risk Program (Sec. 31a) and Great Start Readiness Program (GSRP) (Sec. 32d) funding used as match

- **Discretionary Funds (\$73.2 million)**
 - Federal Child Care Development Block Grant (CCDBG)
 - No match or MOE required
 - Based on federal appropriation
 - Allocated based on children under age 5, children receiving free or reduced-price lunch, and state per-capita income

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27

Child Care Development Fund (CCDF)



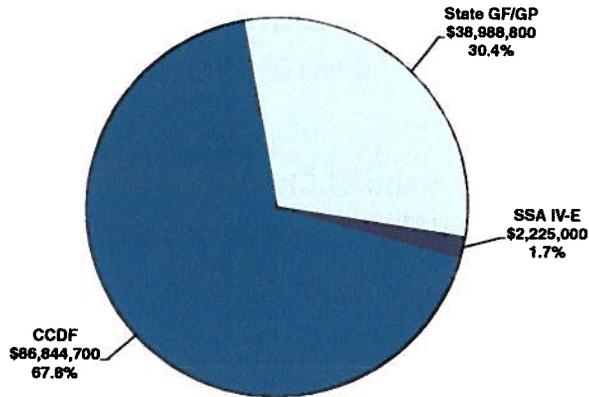
Source: Dept. of Health and Human Services

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28

CDC Public Assistance Funding Sources

FY 2014-15 Total = \$128,058,500

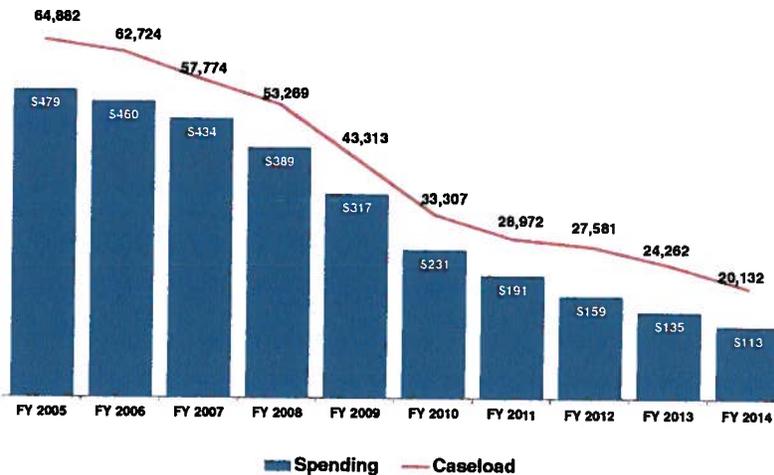


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29

CDC Caseload and Spending Trends

(Spending in millions)



- Average monthly benefit is about \$467 (FY 14); average of 1.76 children per CDC case
- Maximum hourly rate of support varies depending on child's age and provider type
- FY 2014-15 budget reduces funding due to continued declines in caseloads

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30

**For more information about the
Department of Education budget,
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