



STATE OF MICHIGAN  
DEPARTMENT OF EDUCATION  
LANSING



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SUPERINTENDENT OF  
PUBLIC INSTRUCTION

JENNIFER M. GRANHOLM  
GOVERNOR

February 8, 2008

**MEMORANDUM**

TO: State Board of Education

FROM: Mike Flanagan, Chairman

SUBJECT: Presentation on Budget Recommendations for 2008-2009

On February 7, 2008, Governor Jennifer Granholm's 2009 Executive Budget was presented to a joint session of the Senate and House Appropriations Committees. This fiscal year 2009 budget recommendation is focused on the four priorities the Governor outlined in her State of the State address in late January: a job for every worker, a quality education for every child, health care for every family, and safe places to live and work.

The budget is very good for education with many programs maintained, such as special education and at-risk funding; or substantially increased, such as early childhood. There are also a few new programs, such as the 21<sup>st</sup> Century Schools Fund and technical assistance to high priority schools through the intermediate school districts (ISDs).

The attached documents provide highlights of the MDE budget and the State School Aid Act. The format of these documents will allow State Board members to use them as talking points in their conversations with legislators and others.

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**Michigan Department of Education  
 FY 2009 Executive Budget Highlights  
 Talking Points  
 February 12, 2008**

- |                                                                                                           |         |                                          |
|-----------------------------------------------------------------------------------------------------------|---------|------------------------------------------|
| <b>21<sup>st</sup> Century School Fund</b>                                                                | 3 FTE   | \$500,000 GF/GP                          |
| -Replace large high schools with schools up to 450 students                                               |         |                                          |
| -Staff to manage the new \$32 million grant                                                               |         |                                          |
| <b>High Priority Schools</b>                                                                              | 3 FTE   | \$300,000 GF/GP                          |
| -382 high priority schools have failed to make AYP                                                        |         |                                          |
| -Of these, 143 are Title 1 Schools receiving support                                                      |         |                                          |
| -These new funds will provide support for the other 239 schools                                           |         |                                          |
| <b>Michigan School Readiness Program</b>                                                                  | 1 FTE   | \$100,000 GF/GP                          |
| -\$93 million program with 543 statewide competitive & formula grants                                     |         |                                          |
| -Three staff now provides monitoring, training & technical assistance                                     |         |                                          |
| -New FTE provide support to formula grants                                                                |         |                                          |
| <b>Special Education State Aid</b>                                                                        | 1 FTE   | \$100,000 GF/GP                          |
| -Currently only 2 FTE provide oversight of \$1 billion in state school aid                                |         |                                          |
| -New FTE to provide oversight of Special Education transportation, school bus inventory, pupil accounting |         |                                          |
| <b>Section 31a At-Risk Program</b>                                                                        | 1 FTE   | \$100,000 GF/GP                          |
| -These funds provide \$310,500,000 to 714 at-risk schools                                                 |         |                                          |
| -Funds will provide oversight and monitoring to insure proper use of funds                                |         |                                          |
| <b>Internal Auditor</b>                                                                                   |         | \$100,000 GF/GP                          |
| -Per Executive Order 2007-31, consolidated internal audit function to the State Budget Office             |         |                                          |
| <b>MSDB</b>                                                                                               | 6 FTE   | \$480,000 Local                          |
| -School enrollment is expected to increase by 20 students                                                 |         |                                          |
| -Add four special education teachers and two interpreters                                                 |         |                                          |
| <b>HR Consolidation</b>                                                                                   | (5 FTE) | (\$389,800) Federal<br>(\$189,800) GF/GP |
| -Executive Order 2007-30 mandates the consolidation of all human resource operations                      |         |                                          |
| <b>Test Form Composition</b>                                                                              | 6 FTE   | \$644,700 Federal                        |
| -850 separate test forms created each year                                                                |         |                                          |
| -Current contract cost of \$1,451,100                                                                     |         |                                          |
| -Net cost savings of \$806,400                                                                            |         |                                          |

**Psychometric Analysis and Reporting**      6 FTE      \$582,800 Federal

- Current contracts cost \$1,244,200
- Select items, analyze test results & design reports
- Net cost savings of \$467,100

**Item Bank System**      1 FTE      \$200,000 Federal

- Current contracts costs of \$713,100
- There are over 20,000 items in disparate item banking systems without interoperability
- One time cost of \$3 million federal funds to build the system
- Ongoing costs savings of \$513,100

**ELPA Staffing**      1 FTE      \$117,200 Federal

- English Language Proficiency Assessment (ELPA)
- Creates alternate English Language Arts assessments for students who do not have sufficient knowledge of the English language
- 80,000 students assessed with ELPA
- Two current staff cannot keep up with the work

**Mi-Access Modified Full Independence Grant**      \$300,000 Federal

- Develop alternative standards to assess students with special needs
- New federal grant award

**Eliminate Funding for the Data Articulation System** (\$3,950,000) Federal

- Funds set aside to link student test data to the new SRSD system
- The new SRSD system will not be available until mid 2009
- Delay this project until 2010

**STATE SCHOOL AID  
FY2009 EXECUTIVE BUDGET HIGHLIGHTS  
TALKING POINTS  
FEBRUARY 12, 2008**

**BOILERPLATE CHANGES**

**SECTION 20**

- Minimum per-pupil foundation increases \$216 from \$7,204 to \$7,420
- Sliding scale increase between \$108 and \$216 for districts with an FY2008 foundation between \$7,204 and \$8,433 (NOTE: \$8,433 is the maximum guaranteed foundation per pupil amount)

-100% increase	4 high school grades
-92.5% increase	3 high school grades
-85% increase	2 high school grades
-77.5% increase	1 high school grade
-70% increase	if no high school

**SECTION 20(4)**

- Change state school aid calculation to accommodate changes in the new Michigan Business Tax resulting in more state aid and less local revenue (NOTE: districts won't receive less money)

**SECTION 20(23)**

- A district's foundation funds may be used to cover expenses of programs that prepare children from birth to age 5 for success in school

**SECTION 6(4)(r)**

- Beginning in FY2009-2010 half-day kindergarten would only generate .5 FTE (.5 per-pupil foundation dollars)

**NEW PROGRAMS**

**SECTION 11n**

- Redirects \$32 million for FY2008-2009 using the former *Durant* settlement funds to pay debt service on the new 21<sup>st</sup> Century Schools Fund (\$300 million available to help districts replace large, impersonal high schools with low achievement scores and high drop out rates)

**SECTION 20h**

- \$1.3 million for Out-of-Formula districts impacted by the Michigan Business Tax

**SECTION 32h**

- \$2.5 million for Great Start Innovative Grants to ISDs to implement model statewide early childhood programs

**EXISTING PROGRAMS INCREASED FOR FY2009**

**SECTION 32D**

- Great Start-School Readiness (currently Michigan School Readiness) increased by \$22 million (from \$81 million to \$103 million). Amount necessary to fund all eligible 4 year olds in current programs and hold districts harmless at prior year funding levels. There is no increase for 3 year olds.

**SECTION 94a**

- Increases state funding to the Center for Educational Performance and Information (CEPI) by \$4.3 million (from \$2.4 million to \$6.7 million) for (1) development of a student data system that links preschool, K-12, and higher education data to a student using a Unique Identification Code (UIC); and (2) enhancement of the Registry of Education Personnel (REP) to assure that it is in sync with the rewrite of the License 2000 teacher certification system.

**SECTION 81**

- ISD General Operation funding increased by \$2.9 million (from \$80.9 million to \$83.8 million). ISDs will each receive a 1.2% increase. \$1.9 million of new funds earmarked for competitive grants to ISDs to strengthen curriculum and instruction in underachieving high schools.

**SECTION 51a**

- Special Education funding increase by \$19.3 million to cover the "Headlee Obligation" costs

**EXISTING PROGRAMS MAINTAINED AT 2007-2008 LEVELS**

Virtually all other "categorical" funding has been maintained at the 2007-2008 level including:

SECTION 31a At Risk	\$310 million
SECTION 29 Declining Enrollment	\$20 million
SECTION 61a Vocational Education	\$36.9 million
SECTION 107 Adult Education	\$24 million

**NOTE:** The Executive Recommendation also includes a fiscal year 2007-2008 supplemental that decreases foundation funding based on revised pupil counts and taxable values agreed to at the January Revenue Estimating Conference as well as additional dollars to fully fund the Michigan School Readiness Program this year.