



STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING



JENNIFER M. GRANHOLM
GOVERNOR

MICHAEL P. FLANAGAN
SUPERINTENDENT OF
PUBLIC INSTRUCTION

December 20, 2007

TO: State Board of Education

FROM: Michael P. Flanagan, Chair

SUBJECT: Legislative Update

The Legislature has adjourned until the New Year except for their last official session day (called "Sine Die") on which very little legislative action occurs. The Legislature will return initially on January 9th, 2008 per Michigan Constitutional requirements. It is unclear whether they will begin a full schedule or will then break for a week before the start of action in the New Year. When session resumes, it will be driven initially by the State of the State and the presentation of the Governor's FY 09 Budget. The State of the State is January 29th, and the Governor's budget presentation will be on or around Thursday February 7th.

OUTSTANDING ISSUES IN 2007

There will be little to no further legislative action this year, and sadly, that includes any movement on:

- a supplemental appropriation for secondary credit assessments (formerly called end-of-course exams), and
- Senate Bill 730 (Person with a Disability)

It was the Michigan Department of Education's (MDE) hope that some of the funding for secondary credit assessments, which was struck by the Legislature during the budget negotiations, would be restored in a supplemental appropriation. However, in the end, no supplemental bills moved. A supplemental is still a strong possibility when the Legislature returns in January. It is important that the MDE Office of Educational Assessment and Accountability (OEAA) develop the model secondary credit assessments as soon as possible and not be forced to wait until the start of the next fiscal year (FY 2009). Therefore, department staff is communicating with the State Budget Office and the Legislature to try to get this moving.

Senate Bill 730 would update the language in the Revised School Code from using the term "handicapped" to "persons or students with disabilities". The bill was substituted to address a consolidation issue and an issue with a charter school conversion. The substitute would delay the effective date of the consolidation of two school districts to the summer if the vote by which the consolidation is approved is in the middle of the school year. The Department worked on this language and supported it. If voters approve the consolidation of Perry and Morrice school districts on January 15th, there will be a great deal of stress addressing the consolidation in the middle of the school year.

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The language simply delays the effective date until July 1st, and allows the intermediate school district-appointed interim board to finish out the school year by running the district as two separate entities until the summer. Additionally, language was added addressing the conversion of an existing charter school to one of the newly legislated urban high school academies. There was a concern raised about the disruption of the students' education if they had to be re-enrolled on a random basis to the same school because its authority is another section of law. It is my understanding that the House added some language allowing the school to convert without disrupting the enrollment of those students already in attendance.

Unfortunately, Senate Bill 730 did not move on the last day of session. Our Legislative Director, Lisa Hansknecht, has been in contact with Senator Cropsey's office (Senate Floor Leader), and he has indicated that he will try to get this bill moving on the first day of session – January 9th. The Governor's office also is aware of the time constraints for getting this bill enacted.

EXPECTATIONS FOR THE NEW YEAR - 2008

It is my understanding that both the House and Senate plan on moving quickly with some policy/standing committee issues in the New Year. In the House, this could include the drop-out age bill. Again, it's important to note that when session resumes, it will be driven initially by the State of the State and the Presentation of the Governor's FY 09 Budget. It is also likely that the standing committees will proceed as well.

The MDE is hoping to schedule a presentation before the Senate K-12 appropriations subcommittee (Senator Jelinek's committee) in January/February with Bruce Umpstead on education-technology funding and programs. A similar presentation was provided to the House this year.

Other Department priorities include:

- Legislation addressing schools that have not made Adequate Yearly Progress (AYP) for successive years (draft form);
- The anti-bullying legislation that previously passed the House (HBs 4091 and 4162);
- Legislation to provide for the wind-up and dissolution of public school academies (PSAs) as well as authorizer review of the contracts between the PSAs and the Educational Service Providers (ESPs) per the last legislative report, as well as recommendations from the upcoming report; and
- Legislation to increase the compulsory age of attendance to 18 (HB 4042/SB 11) and require children to attend kindergarten (HBs 4073 and 4662/SB 162).

If you have any questions or concerns regarding these legislative issues, please contact Lisa Hansknecht at 517-241-4993, or at hansknechtl@michigan.gov.



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December 20, 2007

MEMORANDUM

To: State Board of Education

From: Michael P. Flanagan

Subject: Update on Federal Issues

POLITICAL NEGOTIATIONS FRAME APPROPRIATIONS DEBATE

Congress and President George W. Bush relied on shuttle diplomacy between Capitol Hill and the White House in negotiating a Fiscal 2008 budget in the final days of the first session of the 110th Congress. At issue were a higher level of domestic discretionary spending, and the right to retain state and locally-directed earmarks sought by the Democratically-controlled House and Senate, versus the Executive Branch's desire to reign in the federal budget, and fund war expenditures in Iraq and Afghanistan without constraints on troop withdrawal or the imposition of other Congressional military directives.

In the end, it appeared, as this was being written, that the Congress would defer to Mr. Bush, combine all the non-military regular budgets into one bill, and add on a \$70 billion supplement to fund the military operations. The agreement came only after the President vetoed an earlier version on the Labor/Health and Human Services and Education appropriations bill he found too costly, and behind the scenes and sometimes very public debates in the media were unsuccessful in pressuring the White House to agree to higher levels of domestic spending. Reportedly 8,000 in earmarks remained in the funding package.

The apparent final budget figures for education are bittersweet (see Committee for Education Funding budget table). The K-12 sector was an overall winner over postsecondary education, primarily in Title I with a \$1.6 billion increase, the Individuals with Disabilities Education Act with a \$250 million hike, and the new school improvement program, increased by \$366 million. The postsecondary education community was expecting a number of increases in student financial aid programs, and institutional aid, but in the end received only a \$554 million increase in the Pell Grant program (a \$4,241 maximum

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award). Many, many education programs were pared by 1.2 to 1.8 percent, while others were zeroed out completely. Premier among those eliminated were Title V of the Elementary and Secondary Education Act/No Child Left Behind Act (ESEA/NCLB), State Innovative Programs, Star Schools, Arts in Education, and Parent Information Resource Centers. It should be noted that Title V funds a number of positions in the Michigan Department of Education, in whole or part. Other programs that received significant cuts were Reading First State Grants, cut by 61.81 percent, Even Start lessened by 19.24 percent, and the higher education portion of Teacher Quality Enhancement Grants sheared by 43.8 percent.

Scaled Back SCHIP Bill Clears Senate with Medicaid School-Based Services Language

Congressional consideration of the State Children's Health Insurance Program (SCHIP) set the stage for much of the fall legislative calendar. President Bush vetoed two ambitious SCHIP reauthorization bills that would have increased authorization levels by several billion dollars for the universally-popular child health program. The White House's success at sustaining Mr. Bush's veto is widely viewed as having firmed up the Republicans' legislative resolve across the board, setting the stage for the appropriations battle.

Then, as the Congress was winding down, House and Senate negotiators were forced to settle on a scaled-back, pieced-together general health care bill that extended SCHIP at the current level until March 2009, raised Medicare payments to doctors by .5 percent, rather than a proposed controversial 10 percent decrease, and put in place a six-month moratorium on the elimination of the Medicaid School-Based Services program. Without the action on SCHIP, 21 states would have exhausted their allotments of federal funds in 2008.

CEF's FY08 Funding Table for Selected Programs
 (Includes FY05, FY06, FY07, President's FY08 Request, FY08 Conference Report and FY08 Omnibus)

In billions except where indicated

Selected Education Programs	FY07 Enacted	President's FY08 Request	LHSED HR 3043 Conference Report passed 11/2007	FY2008 Amended Omnibus Bill	FY08 Omnibus above/below FY07 Enacted	% Change FY08 Omnibus above/below FY07 Enacted
Title I (Subtotal Grants to LEA's)	\$ 12,838.00	\$ 13,909.90	\$ 14,311.40	\$ 14,027.86	\$ 1,189.86	9.27%
Impact Aid (total)	\$ 1,228.45	\$ 1,228.10	\$ 1,262.80	\$ 1,240.71	\$ 12.26	1.00%
Improving Teacher Quality State Grants	\$ 2,887.40	\$ 2,787.49	\$ 3,037.43	\$ 2,960.32	\$ 72.92	2.53%
Special Education - IDEA (total)	\$ 11,802.90	\$ 11,485.15	\$ 12,357.90	\$ 12,088.44	\$ 285.54	2.42%
Pell Grant Total Funding	\$ 13,660.70	\$ 13,223.00	\$ 14,498.00	\$ 14,215.00	\$ 554.30	4.06%
Pell Grant Maximum (in thousands)	\$ (4,310.00)	\$ (4,600.00)	\$ (4,925.00)	\$ (4,241.00)	\$ (69.00)	1.60%
Career-Technical Education State Grants	\$ 1,181.55	\$ 600.00	\$ 1,206.11	\$ 1,174.73	\$ (6.82)	-0.58%
Title I (Basic Grants)	\$ 6,808.40	\$ 6,808.40	\$ 6,808.90	\$ 6,726.93	\$ (81.47)	-1.20%
Title I (Concentration Grants)	\$ 1,365.03	\$ 1,365.03	\$ 1,365.00	\$ 1,365.03	\$ -	0.00%
Title I (Targeted Grants)	\$ 2,332.00	\$ 3,466.62	\$ 3,068.60	\$ 2,967.94	\$ 635.94	27.27%
Title I (Education Finance Incentive Grants)	\$ 2,332.00	\$ 2,269.84	\$ 3,068.60	\$ 2,967.94	\$ 635.94	27.27%
Reading First State Grants	\$ 1,029.20	\$ 1,018.69	\$ 400.00	\$ 393.01	\$ (636.19)	-61.81%
Early Reading First	\$ 117.66	\$ 117.66	\$ 114.55	\$ 112.54	\$ (5.12)	-4.35%
Striving Readers: High and Middle school program	\$ 31.87	\$ 100.00	\$ 36.00	\$ 35.37	\$ 3.50	10.98%
Even Start	\$ 82.28	\$ -	\$ 62.64	\$ 66.45	\$ (15.83)	-19.24%
Literacy through School Libraries	\$ 19.49	\$ 19.49	\$ 21.24	\$ 19.14	\$ (0.34)	-1.77%
School Improvement Grants	\$ 125.00	\$ 500.00	\$ 500.00	\$ 491.26	\$ 366.26	293.01%
Math Now, Elementary	\$ -	\$ 125.00	\$ -	\$ -	\$ -	0.00%
Math Now, Middle School	\$ -	\$ 125.00	\$ -	\$ -	\$ -	0.00%
Opportunity Scholarship	\$ -	\$ 50.00	\$ -	\$ -	\$ -	0.00%
Promise Scholarship	\$ -	\$ 250.00	\$ -	\$ -	\$ -	0.00%

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Migrant Education (State Agency Programs)	\$ 386.52	\$ 380.30	\$ 390.21	\$ 379.77	\$ (6.75)	-1.75%
Comprehensive School Reform	\$ 2.35	\$ -	\$ 1.63	\$ 1.60	\$ (0.75)	-31.97%
Migrant Education - High School Equivalency Program	\$ 18.55	\$ 18.55	\$ 18.55	\$ 18.22	\$ (0.33)	-1.78%
Migrant Education - College Assistance Migrant Program	\$ 15.37	\$ 15.37	\$ 15.37	\$ 15.10	\$ (0.27)	-1.76%
Impact Aid (construction)	\$ 17.82	\$ 17.82	\$ 17.82	\$ 17.50	\$ (0.32)	-1.80%
Mathematics & Science Partnerships	\$ 182.16	\$ 182.12	\$ 183.08	\$ 178.97	\$ (3.19)	-1.75%
Educational Technology State Grants	\$ 272.25	\$ -	\$ 272.25	\$ 267.49	\$ (4.76)	-1.75%
21st Century Community Learning Centers	\$ 981.17	\$ 981.18	\$ 1,081.17	\$ 1,081.17	\$ 100.00	10.19%
State Grants for Innovative Education Programs	\$ 99.00	\$ -	\$ -	\$ -	\$ (99.00)	-100.00%
Javits Gifted and Talented Education	\$ 7.59	\$ -	\$ 7.59	\$ 7.46	\$ (0.13)	-1.71%
Training and Advisory (Title IV-CRA)	\$ 7.11	\$ 7.11	\$ 7.11	\$ 6.98	\$ (0.13)	-1.83%
Rural Education	\$ 168.91	\$ 168.85	\$ 168.91	\$ 171.85	\$ 2.94	1.74%
Indian Education (total)	\$ 118.69	\$ 118.68	\$ 124.00	\$ 119.56	\$ 0.87	0.73%
Teacher Incentive Fund	\$ 200.00	\$ 199.00	\$ 99.00	\$ 97.27	\$ (102.73)	-51.37%
Transition to Teaching	\$ 44.48	\$ 44.48	\$ 44.48	\$ 43.70	\$ (0.78)	-1.76%
Teaching of American Traditional History	\$ 119.79	\$ 50.00	\$ 120.00	\$ 117.90	\$ (1.89)	-1.58%
School Leadership	\$ 14.73	\$ -	\$ 14.73	\$ 14.47	\$ (0.26)	-1.77%
Advanced Credentialing	\$ 16.69	\$ -	\$ 9.82	\$ 9.64	\$ (7.05)	-42.24%
Charter Schools Grants	\$ 214.78	\$ 214.78	\$ 214.78	\$ 211.03	\$ (3.75)	-1.75%
Credit Enhancement for Charter School Facilities	\$ 36.61	\$ 36.66	\$ -	\$ -	\$ (36.61)	-100.00%
Voluntary Public School Choice	\$ 26.27	\$ 26.27	\$ 26.27	\$ 25.81	\$ (0.46)	-1.75%
Magnet Schools Assistance	\$ 106.69	\$ 106.68	\$ 106.69	\$ 104.82	\$ (1.87)	-1.76%

Sources: House Appropriations, Senate Appropriations and Department of Education

NA = Not Available
 Updated December 17, 2007

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Choice Incentive Fund	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Fund for the improvement of education (contains earmarks)	\$ 16.05	\$ 33.07	\$ 127.00	\$ 253.55	\$ 237.50	1479.75%
Advanced Placement Fees	\$ 37.02	\$ 122.18	\$ 46.00	\$ 43.54	\$ 6.52	17.61%
Dropout Prevention	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Adjunct Teacher Corps Initiative	\$ -	\$ 25.00	\$ -	\$ -	\$ -	0.00%
Star Schools	\$ 11.51	\$ -	\$ -	\$ -	\$ (11.51)	-100.00%
Arts in Education	\$ 35.28	\$ -	\$ 38.04	\$ -	\$ (35.28)	-100.00%
Parent Information Resource Centers	\$ 39.60	\$ -	\$ 39.60	\$ -	\$ (39.60)	-100.00%
Safe and Drug-Free Schools and Communities, state grants	\$ 346.50	\$ 100.00	\$ 300.00	\$ 294.75	\$ (51.75)	-14.94%
Elementary and Secondary School Counseling	\$ 34.65	\$ -	\$ 50.75	\$ 48.62	\$ 13.97	40.31%
English Language Acquisition State Grants	\$ 669.00	\$ 670.82	\$ 722.71	\$ 700.39	\$ 31.39	4.69%
Special Education Grants to States Part (a)	\$ 10,782.96	\$ 10,491.94	\$ 11,292.43	\$ 11,042.27	\$ 259.31	2.40%
Special Education, National Activities Personnel Preparation	\$ 89.72	\$ 89.72	\$ 89.72	\$ 88.15	\$ (1.57)	-1.75%
Special Education, National Activities, Technical Assistance and Dissemination	\$ 48.90	\$ 48.90	\$ 48.90	\$ 48.04	\$ (0.86)	-1.76%
Special Education, National Activities, Parent Information Centers	\$ 25.70	\$ 25.70	\$ 27.00	\$ 26.52	\$ 0.82	3.19%
Special Education, State Grants, Pre-School Grants	\$ 380.75	\$ 380.75	\$ 380.75	\$ 374.09	\$ (6.66)	-1.75%
Special Education, State Grants, Infants and Families	\$ 436.40	\$ 423.06	\$ 443.2	\$ 435.65	\$ (0.75)	-0.17%
Tech-Prep Education State Grants	\$ 104.75	\$ -	\$ 104.75	\$ 102.92	\$ (1.83)	-1.75%
Career-Tech National Programs	\$ 10.00	\$ 10.00	\$ 8.00	\$ 7.86	\$ (2.14)	-21.40%
Adult Basic and Literacy Education State Grants	\$ 563.97	\$ 564.07	\$ 576.52	\$ 554.12	\$ (9.85)	-1.75%
Smaller Learning Communities	\$ 93.53	\$ -	\$ 81.50	\$ 80.10	\$ (13.43)	-14.36%

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Federal Supplemental Educational Opportunity Grants - SEOG	\$ 770.93	\$ -	\$ 770.93	\$ 757.47	\$ (13.47)	-1.75%
Federal Work-Study	\$ 980.35	\$ 980.49	\$ 980.49	\$ 980.49	\$ 0.14	0.01%
Strengthening Institutions	\$ 79.53	\$ 79.53	\$ 79.53	\$ 78.14	\$ (1.39)	-1.75%
Strengthening Historically Black Colleges and Universities	\$ 238.10	\$ 238.10	\$ 243.79	\$ 238.09	\$ -	0.00%
Strengthening Historically Black Graduate Institutions	\$ 57.92	\$ 57.92	\$ 57.92	\$ 56.90	\$ (1.02)	-1.75%
Developing Hispanic-Serving Institutions	\$ 94.91	\$ 94.91	\$ 97.20	\$ 93.25	\$ (1.66)	-1.75%
International Education & Foreign Language Studies - Subtotal	\$ 105.75	\$ 105.75	\$ 110.70	\$ 108.98	\$ 3.23	3.05%
Fund for the Improvement of Postsecondary Education (earmarks)	\$ 21.98	\$ 21.98	\$ 126.25	\$ 120.33	\$ 98.35	447.45%
Demonstration Projects for Students with Disabilities - Higher Education	\$ 6.87	\$ -	\$ 6.87	\$ 6.75	\$ (0.12)	-1.75%
TRIO (total)	\$ 828.18	\$ 828.18	\$ 858.17	\$ 828.18	\$ -	0.00%
GEAR UP	\$ 303.42	\$ 303.42	\$ 318.42	\$ 303.42	\$ -	0.00%
Byrd Honor Scholarships	\$ 40.59	\$ -	\$ 41.00	\$ 40.28	\$ (0.31)	-0.76%
Javits Fellowships	\$ 9.69	\$ 9.79	\$ 9.69	\$ 9.53	\$ (0.16)	-1.65%
Graduate Assistance in Areas of National Need	\$ 30.06	\$ 30.06	\$ 30.06	\$ 29.54	\$ (0.52)	-1.73%
Child Care Access Means Parents in School	\$ 15.81	\$ 15.81	\$ 16.81	\$ 15.53	\$ (0.28)	-1.77%
Teacher Quality Enhancement Grants Higher Education	\$ 59.90	\$ -	\$ 34.26	\$ 33.66	\$ (26.24)	-43.80%
Statistics	\$ 90.02	\$ 119.02	\$ 95.52	\$ 88.44	\$ (1.58)	-1.76%
Regional Educational Laboratories	\$ 65.47	\$ 65.46	\$ 66.73	\$ 65.56	\$ 0.09	0.14%

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TOTAL DISCRETIONARY FUNDING AS REPORTED BY THE DEPT OF EDUCATION	\$ 57,652,129.00	\$ 55,996,794.00	\$ 60,703,081.00	NOT AVAILABLE	NOT AVAILABLE	NOT AVAILABLE
TOTAL DISCRETIONARY FUNDING AS REPORTED BY CONGRESS	\$ 60,378,454.00	\$ 59,088,720.00	\$ 60,702,573.00	\$ 62,318,144.00	\$ 1,939,690.00	3.21%
Head Start	\$ 6,789.00	\$ 6,789.00	\$ 7,042.00	\$ 6,902.00	\$ 113.00	1.66%
Corporation for Public Broadcasting	\$ 400.00	\$ 350.00	\$ 400.00	\$ 393.00	\$ (7.00)	-1.75%
Museum and Libraries	\$ 247.20	\$ 271.25	\$ 277.13	\$ 263.50	\$ 16.30	6.59%