

STATE SCHOOL AID DATA UPDATED FOR APRIL

The April state school aid payment is the 7th payment of the year and reflects 63.63% of the year's allocation for Sections 22a, 51c, and 22b as well as for most categoricals. Prior year adjustments are made at 100% in a single payment. The payment will post at the districts' banks on Thursday, April 20, 2006.

Updated categoricals for the April payment include:

- **Michigan School Readiness grants** - Section 32d (Connie Robinson, Early Childhood Education and Family Services, (517) 241-4291, RobinsonConnie@Michigan.gov).
- **Bilingual** - Section 41 (Field Services, (517) 373-3921).
- **Special Education** - Sections 24, 51a(1), 53a and 54 (Dianne Easterling, Special Education and Early Intervention Services, (517) 241-4517, EasterlingD@Michigan.gov).

SPECIAL EDUCATION COSTS UPDATED

The April payment was calculated with updated special education and special education transportation cost figures for most districts. The figures now being used are the costs reported for FY 2005. In addition to affecting the current year Section 51c - Special Education Headlee amount, this update may cause adjustments to the current year Section 22b - Discretionary Payment as well as causing prior year adjustments for FY 2005 Section 51c and possibly FY 2005 Section 22b. Questions concerning these changes may be directed to Dianne Easterling, (517) 241-4517, EasterlingD@Michigan.gov.

FY 2007 SCHOOL AID

Senate Bill 1095 (SB 1095) has been passed by the full Senate. SB 1095 would amend school aid for fiscal year 2007. The following are some key points of SB 1095 with a comparison to the Governor's Executive Recommendation for FY 2007 school aid where applicable. See the February 2006 State School Aid UPDATE for more detail on the Governor's Executive Recommendation.

- C The minimum foundation grant in FY 2007 would be \$7,100 under the Senate substitute, an increase of \$225 above the current FY 2006 minimum foundation grant of \$6,875. The Governor recommended a \$200 increase (to \$7,075) in the foundation grant, \$25 of which would be paid out this year.
- C The executive recommendation for FY 2007 would allocate \$50 million in a new Section 29 for districts with declining enrolment. The Senate substitute includes this item with a \$100 placeholder only, but recommends extra funding (up to \$60 per pupil) for districts with the lowest foundation grants in order to **reduce the per pupil funding gap**.
- C Under the Senate substitute, **At-risk pupil funding** (Section 31a) would increase by \$7.2 million to \$321.4 million to cover the state share of **health and vision screenings** (\$5.2 million) and increase (by \$2 million) the amount of funding earmarked for **school-based health clinics** to add 11 centers. The executive recommendation does not include the additional \$2 million for school-based health clinics.
- C **Michigan School Readiness** funding (Section 32d) would increase by \$7.2 million to \$80 million and the per child amount would increase from \$3,300 to \$3,400 under the Senate substitute. The executive recommendation would increase this funding by \$28.8 million with no change in the per child amount.
- C The executive recommendation includes a new Section 34 that would allocate \$10 million for competitive grants to districts for **Mathematics and Reading programs for pupils in grades K - 3**. The Senate substitute includes this item with a \$100 placeholder only.
- The executive recommendation includes a new Section 35 that would allocate \$15 million for competitive grants to districts for the purpose of implementing, expanding or enhancing **after school programs in middle schools designed to improve math, science and technology skills** and to prepare pupils for a more rigorous high school curriculum. The Senate substitute includes this item with a \$100 placeholder only.
- Programs that would continue for FY 2007 at their FY 2006 funding levels under both the Senate substitute and the executive recommendation include:
 - ISD Special Education Millage Equalization (Section 56) \$36.9 million;
 - Bilingual Education (Section 41) \$2.8 million;
 - Vocational Education (Section 61a) \$30 million;
 - ISD Vocational Education Millage Equalization (Section 62) \$9 million.

C Other categoricals that would be increased for FY 2007 under both the Senate substitute and the executive recommendation include:

Renaissance Zone Reimbursements (Section 26a) increased by \$5.2 million to \$50.2 million;
School Bond Loan Fund Payments (Section 11j) increased by \$3.5 million to \$48 million;
Adult Education (Section 107) increased by \$4 million to \$25 million;
Great Parents Great Start (Section 32j) increased by \$6.7 million to \$10 million;
ISD General Operations (Section 81) increased by \$2.7 million to \$80.4 million under the executive recommendation and by \$3.1 million to \$80.8 million under the Senate substitute.

Other items of interest in the two proposals include the following:

- The **Retirement Rate** (Section 147) is estimated to be 17.74% for FY 2007.
- The pupil membership count date would change from the fourth Wednesday in September to the **fourth Wednesday after Labor Day** due to the fact that school cannot start until after Labor Day in most districts.
- New language in Section 18 would require districts and intermediate districts to post their budget and any subsequent revisions on their website in a form and manner prescribed by the Department.
- Language in Section 6(4)(r) that would take effect in FY 2007 requiring that pupils in **prekindergarten, developmental kindergarten** or similar programs not be counted in membership, but rather reimbursed at the actual cost of the program has been stricken.
- The funding formula for the Adult Education (Section 107) program would change to be weighted 75% for enrollment and attendance and 25% for meeting the course objective under the executive recommendation. Under the Senate substitute those percentages would remain at the 90%/10% currently in law. Also, under the Senate substitute the additional \$4 million appropriated for adult education in FY 2007 would go first to districts and consortia of districts that did not receive adult education funds in FY 2006.

Items that are in the Senate substitute but not in the executive recommendation include the following:

- A new Section 11m that would allocate \$3.5 million to reimburse districts and intermediate districts for the cost of **refingerprinting** staff.
- A new Section 31c that would allocate \$1.8 million for pilot programs to address the needs of **pupils whose parents are incarcerated**.
- A new Section 32m that would allocate \$1 million to provide a **book-a-month** for children ages 0 - 5.

The summary provided above should not be considered a complete description of the content of the executive proposal or the Senate substitute. Also, please be advised that changes are likely as the budget makes its way through the legislative process. Additional information and details on these proposals can be found at www.Michigan.gov/budget and www.senate.Michigan.gov.

FINANCIAL ACCOUNTING AND REPORTING OF REVENUES TO THE FID

Each year the Office of State School Aid and School Finance publishes accounting guidance for all State School Aid revenues received under the authority of the State School Aid Act. That guidance may be found at: www.michigan.gov/mde/0,1607,7-140-6530_6605-21356--,00.html. It provides information on the fund, major class, suffix and state code to be used for each revenue received under current state school aid legislation. As a reminder, many state school aid revenues distributed to districts are considered "restricted" by the language in the State School Aid Act. For example, Special Education revenues received under Article 5 (Sections beginning with a 5) and Vocational Education Article 6 (Sections beginning with a 6) should be recorded in a "restricted" major class code (either "312" or "317" depending on the way the district receives the funds). Suffix codes for Special Education (0120) and Vocational Education (0160) are essential when reporting to the FID. In addition, there are a number of federal grants that require the use of a suffix code for FID reporting. A complete list of suffix codes along with definitions is available in the *Michigan Public School Accounting Manual* appendix pages 22-23. We ask for your assistance in assuring that revenues for your district are reported using the full revenue account code dimension found in the *Michigan Public School Accounting Manual*. If you have questions regarding the code to use, feel free to contact Glenda Rader at (517) 335-0524 or by email at Raderg@michigan.gov.

GENERAL INFORMATION

- The **DS-4168B, Planned Number of Days and Clock Hours of Pupil Instruction** was due **April 15, 2006**. The form is available on line at www.michigan.gov/mde. Select "keywords" along the top of the screen and then "State Aid Forms." Contact Joellen Wonsey (517) 373-3352, WonseyJ@Michigan.gov with questions.
- The 4th quarterly count date for **Adult Education** program participants is the 4th Wednesday in April, **April 26, 2006**.

€ The proration factor for Section 31a - At Risk funding is \$171.8558082833 per pupil.

*Do you have questions about the information appearing in this UPDATE? Call the consultants identified above or **Dan Hanrahan, Director, State Aid & School Finance, MDE**, phone: (517) 335-0521, fax: (517) 241-0196, e-mail: HanrahanD@Michigan.gov.