

STATE SCHOOL AID UPDATE

Michigan Department of Education



August 2006

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REMINDER TO DISTRICTS THAT PLEDGED THEIR AUGUST PAYMENT

Approximately 180 school districts participated in the Michigan Municipal Bond Authority's (MMBA) State Aid Note (SAN) Program 2005B-2 and Program 2006A, and pledged their August 2006 school aid payment to J.P. Morgan Chase Bank and Wells Fargo Bank respectively. If your district participated in one of these programs, please be reminded that your August payment will not be deposited in your bank account. Rather, your payment will be deposited with J.P. Morgan Chase Bank or Wells Fargo Bank and any excess funds will be returned to the school by them. If you have questions contact Lois Sauers, Michigan Municipal Bond Authority (517) 373-1728 or SauersL@Michigan.gov.

AUGUST PAYMENT INFORMATION

The August state school aid payment is the 11th and final payment of the 2005-2006 year.

Updated categoricals – The following categoricals were updated in the August payment although the updates may not have affected the allocation amounts for all districts. If the allocation amount for your district has changed and you have questions concerning that change, contact the consultants identified below:

- Section 32d – Michigan School Readiness – Connie Robinson, School Excellence, (517) 241-4291, RobinsonConnie@Michigan.gov.
- Section 107 – Adult Education-Joellen Wonsey, State Aid and School Finance, (517) 373-3352, WonseyJ@Michigan.gov.

FY 2007 SCHOOL AID

Enrolled Senate Bill 1095 was signed by the Governor on August 15, 2006 and enacted into law as P.A. 342 of 2006. There were no vetoes. Some key aspects of the act were outlined in the July 2006 UPDATE. For an analysis of the bill or to view it in its entirety, go to www.Michiganlegislature.org and key in 1095 for the bill number.

SECTION 56 AND 62 RECALCULATED FOR AUGUST PAYMENT

P.A. 342 of 2006 amends the formulas in Sections 56 (ISD Special Education Millage Equalization) and Section 62 (ISD Vocational Education Millage Equalization) for the current year (FY 2006) to have eligibility based on a taxable valuation of \$142,900 and \$152,000 respectively. These new thresholds were used in the August payment calculations. This caused a proration in Section 56 of .9962960724.

NOTICE REGARDING THE REGISTRY OF EDUCATIONAL PERSONNEL

The Center for Educational Performance Information (CEPI) collects the Registry of Educational Personnel (REP) data on behalf of the Department. School Districts and public school academies are required by the State School Aid Act to submit all required data to CEPI in a timely manner. All REP data were due to CEPI by June 30, 2006. The School Safety Legislation (2005 PA 129-131 and 138) that went into effect January 1, 2006 requires the submission of all individuals who are regularly and continuously employed full or part time for a school district, intermediate school district or public school academy. A validation of the End-of-Year 2006 REP submission has revealed that a few districts reported an invalid social security number for more than 20% of their submitted records. This constitutes an incomplete data submission. Social Security numbers are required so that the Michigan State Police (MSP) may complete a check of all regularly and continuously employed individuals against the MSP conviction data base. **Five percent of the FY 2006 state school aid is being withheld from the August payment for the districts with an incomplete REP submission.** The withheld amount will appear on the State Aid Financial Status Report as a negative under the section labeled "Current Year Allowances" on a line labeled "REP Deduct." The REP application will reopen from August 16, 2006 through August 25, 2006 so that districts may complete the REP submission. It is mandatory that districts finalize the submission during this extension period so that the data can be forwarded to the MSP. We appreciate your attention to this matter and your cooperation to ensure complete and accurate reporting. For questions regarding the REP submission, please contact the DIT Client Service Center via e-mail at Help-Desk@Michigan.gov, or call (517) 335-0505.

WITHHOLDING OF SECTION 31A AT-RISK PUPILS PAYMENT

Pursuant to State School Aid Act Section 31a(7), local districts and public school academies that did not submit the 2005-2006 Section 31a Program report by July 15 will have the August portion of the annual At-Risk allocation withheld until the Department receives the report. If the report is not received by

September 30, the withheld funds will be forfeited. Please note that if the Office of State Aid and School Finance received notification from the Office of School Improvement that a report was received prior to the calculation of the August payment, the funds were not withheld. Questions may be directed to Judy Thelen, Office of School Improvement, (517) 335-1266 or e-mail ThelenJA@Michigan.gov. The 2005-2006 Section 31a Program Report form is available in the Michigan Electronic Grants System (MEGS) at <http://megs.mde.stat.mi.us/megs/>.

MEDICAID INDIRECT COST RATE

In order for districts to receive more accurate reimbursement for providing Medicaid services, the Department will begin calculating a new indirect cost rate. The calculation of this rate will incorporate a 25% cap, as opposed to the current cap of 15%. This rate is to be used for the purposes of Medicaid School Based Services reimbursement only and will be referred to on indirect cost reports as the Medicaid rate. More details will be forthcoming in future State School Aid UPDATES as rates are developed. Questions may be directed to Phil Boone, Office of State Aid and School Finance, (517) 335-4059 or BooneP2@michigan.gov.

FY 2007 ADULT EDUCATION

P.A. 342 of 2006 (see item above) increases the appropriation for Adult Education programs by \$3 million to \$24 million for FY 2007. The appropriation breakdown is as follows.

- \$22,500,000 for districts and consortia that received Section 107 funds in 2005-06.
- \$1,500,000 for districts and consortia that did not receive Section 107 funds in 2005-06 as follows: At least \$1,300,000, but not more than \$1,400,000, for NEW districts and consortia only and up to \$200,000 for expansion of not more than one existing innovative community college program that focuses on educating adults.

All districts and consortia must notify the Department of Labor and Economic Growth (DLEG) of their intent to operate or not operate an adult education program during FY 2007 by submitting a Program Operation form. The form must be received in the DLEG, Office of Adult Education by September 22, 2006. Information and forms will be available next week on the Office of Adult Education website at www.michigan.gov/adulteducation, under "What's New." DLEG Office of Adult Education Contact Person: Sandy Thelen, State Funds Coordinator, 517-373-3395, thelensj@michigan.gov.

IMPORTANT DATES TO REMEMBER

- October 24, 2006 is the date of the annual **MDE/MSBO Fall Workshop** at the Sheraton in Novi. Mark your calendar.
- Pursuant to Public Act 141 of 1999, unless it conflicts with a calendar agreed to as part of a current collective bargaining agreement that was in effect as of May 1, 1999, **school is not to be in session on Friday, September 1, the Friday before Labor Day.**
- **Wednesday, September 27** is the **pupil membership count day** for 2006-2007 and the second adult education participant count day of the year. (Joellen Wonsey, (517) 373-3352, WonseyJ@Michigan.gov).
- The **SE-4096 Special Education Cost Report** for the 2005-2006 school fiscal year is due on **September 30**. (Dianne Easterling, (517) 373-6488, EasterlingD@Michigan.gov).
- The October 20, 2006 state school aid payment is the first payment of the 2006-2007 fiscal year. There is no September school aid payment.
- Districts are required to report by **November 1** to the local health department the immunization status of all students entering kindergarten or a new school in grades 1-12. Also, districts are required to report by **November 1** to the local health department the **immunization status** of all pupils who enrolled in grade 6 in the district or ISD for the first time between January 1 and September 30, 2005. (Patty Lawless (517) 373-1122, LawlessP@Michigan.gov).
- **November 1** is the deadline for local districts (including PSAs) to file their **FY2006 financial audit report** with the ISDs. Both the **financial and pupil accounting audit reports** are due to the Department on **November 15**. Failure to file these reports will result in the withholding of state aid. (Kathy Weller, (517) 335-6858, WellerK@Michigan.gov).
- The **2005-2006 FID – Annual Comprehensive Financial Report** is due from local and intermediate districts to CEPI by **November 15**. Failure to file these reports will result in the withholding of state aid. (Glenda Rader, (517) 335-0524, RaderG@Michigan.gov).

Proration factors: Section 31a – At-Risk funding is \$ 173.8909901858 per pupil.

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