

**JUNE PAYMENT INFORMATION**

The June state school aid payment is the 9<sup>th</sup> payment of the year and reflects a cumulative 81.81% of the year's allocations for Sections 22a, 51c, and 22b as well as for most categoricals. Prior year adjustments are made at 100% in a single payment. Generally, information needed to calculate a payment or to update a categorical amount that is received in the Office of State Aid and School Finance by the 20<sup>th</sup> of a given month will be used in the following month's state school aid payment. Therefore, information and data that were received in the Office by May 20, 2005 are reflected in the June payment calculations. The June payment will post in the school districts' accounts on Monday, June 20, 2005.

**NEW WEB ADDRESS FOR FINANCIAL STATUS REPORTS**

Beginning with the June 2005 state school aid payment the State Aid Financial Status Reports and the corresponding Non-Resident Adjustment Reports have new web addresses. The new address for the status reports is <http://mdoe.state.mi.us/statusreports> and for the non-resident adjustment reports is <http://mdoe.state.mi.us/nonresident>. The June reports can be found at both the new address and the old address. You will have to use the new address beginning in July. The old address will refer you to the new address in July, but you will need to have the new address "bookmarked" thereafter. Direct questions related to the location of the status reports to Phil Boone, State Aid & School Finance, (517) 335-4059, or e-mail: [BooneP2@michigan.gov](mailto:BooneP2@michigan.gov).

**FY 2006 SCHOOL AID**

Senate Bill 279 (SB 279) has been reported from the Senate Appropriations Committee. SB 279 would amend school aid for fiscal year 2006. The following are some key points of SB 279 with comparison to the Governor's Executive Recommendation for FY 2006 school aid where applicable.

- C As in the Executive Recommendation, the **minimum** foundation allowance in FY 2006 would be \$6,875.00, an increase of \$175. However, SB 279 does not include the proposed new Section 22e in the Executive Recommendation that would pay an additional \$50 for high school pupils.
- C The **membership definition** in Section 6(4) would remain at 75% of the current year September count plus 25% of the prior year February count and the three-year average blending language for certain eligible districts would be retained as in the Executive Recommendation.
- C **At-risk pupil funding** (Section 31a) would decrease by \$21.5 million. The Executive Recommendation calls for an increase of \$33 million. As in FY 2005, a portion of at-risk funding would continue to be earmarked for **school-based health clinics** under both SB 279 and the Executive Recommendation.
- C **Michigan School Readiness funding** (Section 32d) would continue at \$72.8 million under both plans; however, SB 279 would move \$12.25 million the competitive school readiness program for non-district recipients to school aid from the Department of Education Budget Bill.
- C Other programs that would continue for FY 2006 at their FY 2005 funding levels under both plans include:
  - Court Placed Pupils (Section 24) \$8 million;
  - Interagency Early Childhood (Section 32c) \$250,000;
  - Great Parents - Great Start (Section 32j) \$3.3 million;
  - Bilingual Education (Section 41 and 41a) \$2.8 million state and \$1.2 million federal;
  - Vocational Education (Section 61a) \$30 million;
  - Bus Driver Safety (Section 74) \$1.6 million;
  - Adult Education (Section 107) \$20 million.
- C Categoricals that would be increased for FY 2006 under both plans include:
  - Renaissance Zone Reimbursements (Section 26a) increased by \$8.8 million to \$45 million;
  - School Bond Loan Fund Payments (Section 11j) increased by \$3.4 million to \$44.5 million.
- C A new categorical proposed in both plans for FY 2006 is Section 26b, Payments In Lieu of Taxes (\$2.4 million). These funds would compensate the district for lost operating taxes on property owned by the Department of Natural Resources.

- C Both the state funding of \$3.7 million and the federal funding of \$17.3 million for the Section 98b Wireless Technology (Freedom to Learn) program would be eliminated for FY 2006 under the Executive Recommendation. SB 279 would eliminate the state funding but retain federal funding of \$3 million for this program.
  - C ISD General Operations (Section 81) funding would be increased by \$2.2 million under the Executive Recommendation, but maintained at the current level of \$77.7 million in SB 279.
- “Boilerplate” language in the House passed version includes the following:
- C New language in Section 6(4)(r) which would limit the full time equivalency (FTE) for pupils who are eligible for kindergarten but enrolled in a pre-kindergarten program to no more than 0.5
  - C **Hold Harmless Payments** (Section 20j) would be reduced by 33.33% for districts with a FY 2006 blended membership equal to or greater than 2,000.

To view the proposed SB 279 go to [www.Michiganlegislature.org](http://www.Michiganlegislature.org) and key in 279 in the “Legislative Bill Search” prompt box.

### **MAY 2005 REVENUE ESTIMATING CONFERENCE**

As mentioned in the May UPDATE, leaders from the House and Senate Fiscal Agencies and the State Treasurer met on May 19, 2005 for the May 2005 Revenue Estimating Conference. Based on data agreed to at that conference, it is estimated that the school aid fund revenues for FY 2005 will come in approximately \$28 million less than what was agreed to at the January 2005 conference. However, the general fund revenues are projected to be \$45 million higher than projected in January. Thus, it is expected that there will be no proration of state school aid in FY 2005. The May 2005 conference also confirmed that the school aid fund revenues projected for FY 2006 are approximately \$56 million less than what was agreed to in January 2005. Despite that news, the Senate appropriation committee still passed a bill (see SB 279 discussion above) that calls for a \$175 increase in the per pupil foundations for FY 2006. For more detailed information on the May 2005 Revenue Estimating Conference, visit the House and/or Senate Fiscal Agency website.

### **FORM DS-4168, REPORT OF DAYS AND CLOCK HOURS OF INSTRUCTION**

The instructions and forms to report the number of days and clock hours of instruction provided during the 2004-2005 school year are available on the Department’s website. Two copies of the completed form(s) are to be forwarded to the respective ISD by July 19; the ISD will forward one copy of the districts’ forms to the Department by August 1. To access the forms at [www.Michigan.gov/mde](http://www.Michigan.gov/mde) click on “Administrators” then “Reporting Forms to MDE” then “State School Aid and Finance Forms.” Completion and submission of the DS-4168 with an indication that professional development (PD) time was counted as instructional time will serve as the required notice to the Department that the district has counted PD time as instructional time as allowed under Section 101(11) of the State School Aid Act. With questions related to the DS-4168 contact Joellen Wonsey, State Aid & School Finance, (517) 373-3352, or e-mail: [WonseyJ@Michigan.gov](mailto:WonseyJ@Michigan.gov).

### **SECTION 31A AT-RISK PROGRAM REPORTS DUE JULY 15, 2005**

Local districts and public school academies receiving FY 2005 funds under Section 31a At-Risk are required to submit the FY 2005 Section 31a Program Report to the Department by July 15, 2005. The report form is available in the Michigan Electronic Grants System (MEGS) at <http://megs.mde.state.mi.us/megs/>. If the report is not submitted by July 15, an amount equal to the district’s Section 31a August installment will be withheld from the August state aid payment. These funds will be forfeited if the report is not received by September 30, 2005. Contact Judy Thelen, Office of School Improvement, Field Services Unit, at (517) 335-1266 or e-mail: [ThelenJA@Michigan.gov](mailto:ThelenJA@Michigan.gov).

### **GENERAL INFORMATION**

- **Proration factors:** Section 31a - At Risk funding is \$129.8654341935 per pupil.
- The **Bulletins 1011 and 1014** reflecting local school district **2003-2004** financial information are now available on the MDE website at [www.Michigan.gov](http://www.Michigan.gov). Click on “Programs and Offices,” then “State Aid and School Finance” then look under “Publications and Reports.” With questions related to the bulletins contact Glenda Rader, State Aid & School Finance, (517) 335-0524, or e-mail: [RaderG@Michigan.gov](mailto:RaderG@Michigan.gov).

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\*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](mailto:HanrahanD@Michigan.gov).