

STATE SCHOOL AID DATA UPDATED FOR APRIL

The April state school aid payment is the 7th regular 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 Tuesday, April 20, 2010.

The following categoricals were updated for the April payment:

- **Michigan School Readiness** – Section 32d (Jan Fowler, Early Childhood Education and Family Services, (517) 241-4741, FowlerJ2@Michigan.gov).
- **Great Start ISD** – Section 32j (Colleen O'Connor, Early Childhood Education and Family Services, (517) 241-4291, OconnorC1@Michigan.gov).
- **Special Education** – Section 54 (Dianne Easterling, Special Education and Early Intervention Services, (517) 241-4517, EasterlingD@Michigan.gov).
- **Special Education** – Section 53a (Dianne Easterling, Special Education and Early Intervention Services, (517) 241-4517, EasterlingD@Michigan.gov).
- **Tuition Deducts** – Section 53a (Dianne Easterling, Special Education and Early Intervention Services, (517) 241-4517, EasterlingD@Michigan.gov).

MAY REVENUE ESTIMATING CONFERENCE

Leaders from the House and Senate Fiscal Agencies and the State Treasurer will meet for the May Revenue Estimating Conference on May 21, 2010. The purpose of the conference is to reach a consensus on the current fiscal year revenues and the projected revenues for FY 2011. The revenue consensus reached at the conference will impact state school aid for FY 2010 and FY 2011. Information on the results of that conference will be in the June UPDATE. Information regarding the Revenue Estimating Conference can also be obtained from the House Fiscal Agency Website (www.Michigan.gov/HFA) following the conference.

INDIRECT COSTS

Current indirect cost rate information is available at: http://www.michigan.gov/mde/0,1607,7-140-6530_6605-118785--,00.html. The new rate information includes Special Education rates for 2009-2010 and preliminary rate information for 2010-2011. Form R0418a, *Costs for the Development of 2010-2011 Federal Indirect Cost Rates* details the cost data used to calculate preliminary indirect cost rates. Form R0418, *Carryforward Calculation for 2010-2011 Federal Indirect Cost Rates* shows the results of the preliminary calculation. If you have any questions or comments, please contact Phil Boone at (517) 335-4059 or BooneP2@Michigan.gov.

SECTION 25C ADJUSTMENTS

Section 25c of the State School Aid Act allows a "district of the first class" under the *Revised School Code* to bill a local district or public school academy (PSA) for pupils that transfer to the district of the first class after the pupil membership count day. The pupils involved are those counted on the pupil membership count day in the district from which they transferred and were residents of the district of the first class on that pupil membership count day. The Section 25c language requires the Department to deduct the amount of the bill from the remaining state school aid payments of the district or PSA from which the pupil transferred and pay the amount to the district of the first class. Several districts and PSAs will see a Section 25c adjustment referencing FY 2008 on their April 2010 State School Aid Financial Status Reports. The dollar amounts are negative and are labeled "2008 Pupil Transfer Adjustment." Questions concerning this item may be directed to Dan Hanrahan, Office of State Aid and School Finance, (517) 335-0521 or HanrahanD@Michigan.gov.

FY 2008-2009 SCHOOL AID SHORT TERM ADJUSTMENTS IN APRIL PAYMENT

Some districts have incurred school aid adjustments for operating less than 1,098 instructional hours in FY 2009 as reported on form DS-4168, Report of Days and Clock Hours

of Instruction. These adjustments appear on the State School Aid Financial Status Report in the "Prior Year Adjustment" section on a line labeled "2009 Short Term." Pursuant to language in Section 101 of the State School Aid Act, a district failing to comply with the required minimum hours of instruction shall forfeit from its total state aid allocation an amount determined by applying "a ratio of the number of hours the district was in noncompliance in relation to the required minimum." The ratio is applied against the district's total adjusted state aid (FY 2009 in this case) minus any Durant and Adult Education Funds. For example, a district short six (6) hours, with adjusted state aid of \$1,000,000, Adult Education Funds of \$100,000 and Durant funds of \$90,000 would incur an adjustment of \$4,426 as follows:

$$((\$1,000,000 - \$100,000 - \$90,000) \times (6/1,098)) = \$4,426$$

The adjustment would be prorated accordingly if the noncompliance is for only part of the district such as one grade level or one building. **Reminder:** Beginning in FY 2011 there will once again be a requirement to be in session a certain number of days. The language requires each district to provide 165 days or the number provided in FY 2010, whichever is greater, in FY 2011. A state school aid adjustment will be required for those not meeting the required number of days. If you have any questions or concerns related to these adjustments, please contact Joellen Wonsey, (517) 373-3352, or WonseyJ@Michigan.gov.

ARRA REPORTING REQUIREMENTS

In order to comply with released American Recovery and Reinvestment Act of 2009 (ARRA) reporting requirements by the U.S. Department of Education (USED), districts will be required to utilize the state code dimension of the accounting structure when reporting to the 2009-2010 Financial Information Database (FID) due November 15, 2010.

The FID application already accepts state codes to the fourth position as prescribed in the Chart of Accounts. The Department has requested the Center for Educational Performance and Education (CEPI) to ensure that state codes be validated and summarized to the third position.

Standard state codes are available in the Michigan Public School Accounting Manual, Appendix, pages 49-58. The URL is http://www.michigan.gov/mde0,1607,7-140-6530_6605-21321--,00.html.

Thank you for your collaboration with the Department and CEPI on this matter.

APRIL MSBO CONFERENCE

Office of State Aid and School Finance staff will be attending the annual MSBO conference in Grand Rapids at various times April 27 – April 29, 2010. We look forward to seeing you there. Feel free to catch up to us with any questions or concerns that you may have.

GENERAL INFORMATION

- The **DS-4168B, Planned Number of Days and Clock Hours of Pupil Instruction** was due **April 15, 2010**. 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, or e-mail WonseyJ@Michigan.gov with questions.
- The **Bulletins 1011 and 1014** reflecting local school district **FY 2009** financial information are now available on the MDE website at 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 and School Finance, (517) 335-0524, or e-mail: RaderG@Michigan.gov.
- The 4th quarterly count date for **Adult Education** program participants is the 4th Wednesday in April, **April 28, 2010**.
- The proration factor for Section 31a-At Risk funding is \$286.450700180 per pupil.
- The proration factor for Section 29-Declining Enrollment is .0765489718.

*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.