

# STATE SCHOOL AID UPDATE

Michigan Department of Education



April 2012

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## STATE SCHOOL AID DATA UPDATED FOR APRIL

The April state school aid payment is the 7<sup>th</sup> 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 Friday, April 20, 2011. The following categoricals were updated for the April payment:

- **Great Start Readiness** – Section 32d (Pat Sargent, Early Childhood Education and Family Services, (517) 241-4741, [SargentP@Michigan.gov](mailto:SargentP@Michigan.gov)).
- **Great Start ISD** – Section 32j (Colleen O'Connor, Early Childhood Education and Family Services, (517) 241-4291, [OconnorC1@Michigan.gov](mailto:OconnorC1@Michigan.gov)).

## HOUSE RECOMMENDATION FOR 2012-2013 SCHOOL AID

In the February State School Aid UPDATE we summarized the Governor's state school aid Executive Budget Recommendation for FY 2013 that was presented on February 9, 2012. On March 27, 2012, the House Appropriations Subcommittee on K12 Education introduced House Bill 5388 which represents their recommended version of FY 2013 state school aid. The following are some key points of HB 5388 with a comparison to the Governor's Executive Recommendation where applicable.

- The per pupil **Foundation Grants for FY 2013 would be equal to the FY 2012 Foundation Grants** under both the House and Governor's proposal. The minimum foundation grant for FY 2013 would remain at \$6,846 per pupil with the maximum state guaranteed foundation remaining at \$8,019.
- Under the Governor's proposal, Section 22f has been amended to include funding of \$190 million for both **Best Practices** (\$120 million) and **Student Performance** (\$70 million). The **performance-based funding** would go to districts that meet certain academic thresholds determined by the Department that are based on growth on student test scores. **HB 5388 does not include the Student Performance incentive.** The **best practices funding** under the House proposal is \$115 million and would be paid at \$75 per pupil based on the requirement to meet 6 of 8 best practices as opposed to 5 of 6 under the Governor's proposal. The two best practices listed in HB 5388 that were not offered as options in the Governor's proposal are as follows:
  - The district competitively bids at least one non-instructional service in FY 2013.
  - The district provides physical education and/or health classes that meet State Board of Education Standards.
- HB 5388 includes a **new Section 22i** that would allocate \$75 million for grants to districts or intermediate districts to develop or **improve technology infrastructure necessary for the planned online growth assessments** in FY 2015.
- The Executive Recommendation for FY 2013 would maintain the **Section 81 Intermediate School District (ISD) General Operations** funding at \$62.1 million; however, 5% (\$3.1 million) of each ISD's funding would be contingent on meeting 4 out of 5 best practices. HB 5388 maintains the Section 81 funding at \$62.1 million and allocates an additional \$3.1 million to pay an additional 5% to ISDs that meet 4 of 5 best practices as follow:
  - The ISD enters into a Service Consolidation Agreement with the Department that meets certain criteria.
  - The ISD has obtained competitive bids on the provision of 1 or more non-instructional services with a value of \$50,000 or more for the ISD or its constituent districts.
  - The ISD develops a technology plan on behalf of all its constituent districts that integrates technology into the classroom and prepares teachers to use digital technology.
  - The ISD provides a dashboard or report card that demonstrates the ISD's efforts to manage its fiscal responsibilities to parents and community members.
  - The ISD works in a consortium with one or more ISDs to develop information management system requirements and bid specifications that can be used as statewide models.
- HB 5388 would **increase the Section 147a MPSERS Offset funding** from \$155 million to \$248.5 million to offset MPSERS costs. The Governor's proposal would increase the funding to \$179 million.

HB 5388 includes language in the amendments to Section 6 stating the intent to go to **8 pupil membership count days** in FY 2014. The language would require the Department, the Center for Educational Performance and Information, districts and intermediate districts to develop recommendations for this policy change.

## **SENATE RECOMMENDATION FOR 2012-2013 SCHOOL AID**

In addition to the House action on March 27, 2012 (see related item above), the Senate Appropriations Subcommittee on K12 Education introduced Senate Bill 961 on March 28, 2012 which represents their recommended version of FY 2013 state school aid. The following are some key points of SB 961:

- The per pupil **Foundation Grants for FY 2013** would increase by a range of \$104 to \$208. The minimum foundation grant for FY 2013 would increase to \$7,054 with the maximum state guaranteed foundation increasing to \$8,123.
- SB 961 would **repeal the Section 22f Best Practices funding**. \$95 million of the repealed Best Practices Funding would be used towards the proposed increase in the per pupil foundations.
- SB 961 would **repeal the Section 147a MPSERS Offset funding**. \$177 million of the funds proposed by the Governor for the MPSERS Offset funding would instead be used towards the Senate proposed increase in the per pupil foundations.
- SB 961 proposes a **new Section 22h** which would allocate \$95 million for **pupil performance grants**. The funds would go to eligible districts offering any of grades 2 through 11 that test pupils in the grades offered using a computer adaptive test at least once in the fall and again in the spring. Eligible districts would be required to provide auditable data corroborating normative gains in reading and/or math. The funds would be distributed on an equal per pupil basis across the state.

SB 961 includes intent language in a **new Section 11u** that would require a study of the various categorical programs in state school aid to determine to what extent, if any, the program funding should be rolled into the foundation grant.

Language is maintained in HB 5388, SB 961 and the Governor's proposal that would require **1,098 hours of instruction** in order for **kindergarten pupils** to generate a 1.0 FTE for state school aid payment purposes.

The summaries above related to the Governor's, the House and the Senate proposals for FY 2013 state school aid funding should not be considered a complete description of the content of the proposals. Please be advised that changes are likely as the budget makes its way through the legislative process. Additional information and details on the proposals can be found on the websites of the State Budget Office, House Fiscal Agency and the Senate Fiscal Agency.

## **BUDGET TRANSPARENCY REPORTING**

The Department encourages school district personnel to their website to ensure that it includes the required Budget Transparency data elements including the latest current year budget revision, the 2010-2011 expenditure pie charts, any updated salary information, and any other updates to the data elements required by the State School Aid Act (MCL 399.1618(2)). State School Aid and School Finance staff will be reviewing the websites again soon to ensure compliance with the legislation. With questions related to the Budget Transparency reporting, contact Jeff Kolb, State Aid and School Finance, (517) 373-1908 or email: [KolbJ2@Michigan.gov](mailto:KolbJ2@Michigan.gov).

## **INDIRECT COSTS**

Current indirect cost rate information is available at: [http://www.michigan.gov/mde/0,1607,7-140-6530\\_6605-118785--,00.html](http://www.michigan.gov/mde/0,1607,7-140-6530_6605-118785--,00.html). The new rate information includes Special Education rates for 2011-2012 and preliminary rate information for 2012-2013. Form R0418a, *Costs for the Development of 2012-2013 Federal Indirect Cost Rates* details the cost data used to calculate preliminary indirect cost rates. Form R0418, *Carryforward Calculation for 2012-2013 Federal Indirect Cost Rates* shows the results of the preliminary calculation. Form 4513 allows the district to edit preliminary cost information to portray more accurate indirect cost rates. If you have any questions or comments, please contact Phil Boone at (517) 335-4059 or [BooneP2@Michigan.gov](mailto:BooneP2@Michigan.gov).

## **APRIL MSBO CONFERENCE**

Office of State Aid and School Finance staff will be attending the annual MSBO conference in Detroit at various times May 1 – May 3, 2012. 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 16, 2011**. The report is available on line at [http://www.michigan.gov/documents/mde/DS-4168-B\\_08\\_227608\\_7.doc](http://www.michigan.gov/documents/mde/DS-4168-B_08_227608_7.doc).
- The 4<sup>th</sup> quarterly count date for **Adult Education** program participants is the 4<sup>th</sup> Wednesday in April, **April 25, 2012**.
- The proration factor for Section 31a-At Risk funding is \$293.0339413292 per pupil.
- The proration factor for Section 62-Vocational Ed Millage Equalization is .0787704931.
- The proration factor for Section 56 Special Ed Millage Equalization is .9345103152

\*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).