

# STATE SCHOOL AID UPDATE

Michigan Department of Education



April 2015

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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 Monday, April 20, 2015. 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)).
- **Bilingual Education** – Section 41 (Shereen Tabrizi, Office of Field Services, (517) 373-8897, [TabriziS@Michigan.gov](mailto:TabriziS@Michigan.gov)).
- **School Lunch Grants** – Section 31d (Ann Mazurek, Office of School Support Services, (517) 373-9785, [MazurekA1@Michigan.gov](mailto:MazurekA1@Michigan.gov)).

The **Pupil membership blends** have been updated with the audited February counts for all districts that had audited values reported by March 27, 2015.

## **BEST PRACTICE REPORTING**

At this time of the year it is important for districts to remember that the June 1, 2015 deadline to submit Section 22f Best Practice Resolutions is quickly approaching. This year, districts must meet at least seven of nine best practices identified in the statute and submit a Board adopted resolution confirming the district's eligibility. The Department's Best Practice Guidance that identifies the criteria including a sample resolution can be found at:

[http://mi.gov/mde/0,4615,7-140-6530\\_6605-258500--,00.html](http://mi.gov/mde/0,4615,7-140-6530_6605-258500--,00.html).

If you have submitted a resolution but are not yet receiving funds, there may be an issue with your submission. We may not have received your resolution because it was sent to an incorrect e-mail address. There could be compliance issues, which typically stem from requirements B and E. Best Practice funds will be forfeited by those districts not in compliance by June 1. Questions related to requirement E should be directed to Chad Urchike at [UrchikeC1@Michigan.gov](mailto:UrchikeC1@Michigan.gov) or (517) 335-1261. For any other questions related to this item, please contact John A. Hayner at (517) 241-0495 or [HaynerJ1@Michigan.gov](mailto:HaynerJ1@Michigan.gov).

## **SECTION 23A CALENDAR SHIFT**

As of the 2014-15 school year, the Department will observe a new calendar for Section 23a Dropout Recovery Programs. Instructional services provided under Section 23a during the months of July and August will now be funded under the fiscal year that begins September 1. As part of the changeover, there will be a onetime shift in membership claims for the months of July and August of 2014, where the membership will be transferred from the prior fiscal year to the current fiscal year. Affected districts will notice a prior year adjustment on their status report when this change takes place, as well as a coinciding increase in the amount of FTE awarded for Section 23a claims for the current fiscal year. Questions regarding this change may be directed to Brian Ciloski at [CiloskiB@michigan.gov](mailto:CiloskiB@michigan.gov).

## **SECTION 22G CONSOLIDATION OF OPERATIONS/SERVICES GRANTS**

The competitive review process of the 2014-15 Consolidation of Operations or Services Grant (State School Aid Act Section 22g) applications has been completed. Twenty-one (21) applications were submitted requesting a total of approximately \$8 million. Award announcements are expected to be made by the end of April. Districts that applied for funds will be sent communications with award determinations. Questions regarding this grant program may be directed to Christopher May at 517-335-1263 or [MayC@michigan.gov](mailto:MayC@michigan.gov).

## **EARLY WARNING LEGISLATION**

Several pieces of legislation referred to as Early Warning bills were adopted by the Michigan

Senate in FY 2014 but stalled in the House. These bills were intended to give both the Treasury Department and Michigan Department of Education the authority to work with and require information from districts that meet certain Early Warning signs of financial stress. Similar legislation has been introduced in the House this year and has been vetted in the Financial Liability Reform Committee. Below is a list of the bill numbers and the respective sponsor along with the brief description provided by the Legislature.

HB 4325 (Rep. Poleski) Education; school districts; preplanned financial reporting; require for school districts as part of early warning system.

HB 4326 (Rep. Poleski) Education; financing; preliminary review to determine the existence of probable financial stress in school districts; require under certain conditions, and modify the state financial authority for certain school districts.

HB 4327 (Rep. Pscholka) Education; school districts; deficit elimination plan; provide for enhancement.

HB 4328 (Rep. Lyons) School aid; other; deficit elimination plan requirement; revise.

HB 4329 (Rep. Somerville) Education; financing; school district placement under control of an emergency manager for failure to comply with enhanced deficit elimination plan; provide for.

HB 4330 (Rep. Kelly) School aid; payments; reference to deficit elimination plan compliance in school aid act; update, include enhanced deficit elimination plans, and revise other reporting requirements.

To see the full text or the fiscal agency summary of any of these bills, go to

[http://www.legislature.mi.gov/\(S\(vs1tokndzxa0ejwxoqit5ked\)\)/mileg.aspx?page=home](http://www.legislature.mi.gov/(S(vs1tokndzxa0ejwxoqit5ked))/mileg.aspx?page=home) and enter the 4 digits of the respective bill in the "Bill Number" box.

### **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 2014-2015 and preliminary rate information for 2015-2016. Form R0418A, *Costs for the Development of 2015-2016 Federal Indirect Cost Rates* details the cost data used to calculate preliminary indirect cost rates. Form R0418, *Carry Forward Calculation for 2015-2016 Federal Indirect Cost Rates* shows the results of the preliminary calculation. Form DS-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 2015 MSBO CONFERENCE**

Office of State Aid and School Finance staff will be attending the annual MSBO conference in Detroit at various times April 28, 2015 through April 30, 2015. 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 4<sup>th</sup> quarterly count date for **Adult Education** program participants is the 4<sup>th</sup> Wednesday in April, **April 22, 2015**.
- The proration factor for Section 31a-At Risk funding is \$317.6811988798 per pupil.
- The Headlee Obligation for Data Collection funds are paid at a rate of \$24.9821394845 per pupil.
- The proration factor for Section 22j Performance based funding is .9976716141.

\*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).