

REMINDER TO DISTRICTS THAT PLEDGED THEIR AUGUST PAYMENT

Approximately 195 school districts participated in the Michigan Municipal Bond Authority's (MMBA) State Aid Note (SAN) Program 2007B-2, and pledged their August 2008 school aid payment to Wells Fargo Bank. If your district participated in this program, please be reminded that your August payment will not be deposited in your bank account. Rather, your payment will be deposited with 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.

GENERAL INFORMATION REGARDING FY2009 STATE SCHOOL AID

Enrolled House Bill 1107 was signed by the Governor on August 6, 2008 and enacted as P.A. 268 of 2008. Pursuant to language in P.A. 268, the **FY 2009 foundation allowance** for a district that had a FY 2008 foundation allowance of \$7,204 is \$7,316 ($\$7,204 + (2 \times \$56)$). The FY 2009 foundation allowance for a district that had a FY 2008 foundation between \$7,204 and \$8,433 will be based on a formula as follows:

$FY\ 2008\ Foundation + 112 - [\$36 \times (FY\ 2008\ Foundation - 7,204)/1285]$ or \$8,489 whichever is less.

Districts with a FY 2008 foundation allowance of \$8,433 or more will have a FY 2009 foundation allowance equal to their FY 2008 foundation allowance plus \$56. "Hold Harmless" districts continue to have a Section 20j per pupil amount equal to the amount of their per pupil 20j funds in FY 2008. The following are some key points of P.A. 268 that are new for FY 2009 as well as an item that affects FY 2008.

- The Act includes a **new Section 11n** that allocates \$15 million for the **21st Century Schools fund** for grants of up to \$3 million each for planning and start up costs of newly constructed or newly configured high schools that would have no more than 110 pupils in each grade. Eligible districts would be those with a district-wide cohort graduation rate below 70%.
- The Act includes a **new Section 22e** that allocates \$1.3 million for additional payments to districts that do not receive any state portion of its foundation allowance, and receives a reduced amount of local revenue under Section 1211 of the *Revise School Code* as a result of exemptions to industrial personal property and commercial personal property enacted as a result of the new Michigan Business Tax.
- The Act amends language in Section 6(4)(y) that disallows any **Section 22d Isolated District** funds to be paid to a district that has a pupil count based on a three-year average blend. The amendment allows a district with a three-year average blend to receive Section 22d(4) funds that are earmarked for districts with 5.0 or fewer pupils per square mile and a total area in square miles greater than 200. This amendment affects the **FY 2008 Section 22d(4)** funds as well as the FY 2009 funds. Therefore, the Section 22d(4) funds to districts with a three-year average blend are included in the August 2008 payment.

Key boilerplate language in P.A. 268 affects developmental kindergarten beginning in FY 2010 and regular kindergarten beginning in 2011. There are no kindergarten changes for FY 2009. Beginning in FY 2010, the FTE for a **developmental** kindergarten pupil will be based on 1,098 hours instead of 549 hours. Consequently, a half-day developmental kindergarten program in FY 2010 will generate .5 FTE per pupil (one-half of a foundation). In FY 2011, the FTE for a **regular** kindergarten pupil will be based on 658.8 hours as opposed to 549 hours currently. A half-day program would then generate 0.83 (549 hours/658.8 hours) FTE per pupil. Beginning in FY 2012, the FTE for a regular kindergarten pupil will be based on 768.6 hours.

The summary provided above should not be considered a complete description of the content of P.A. 268. Additional information and details on the Act can be found at the House and Senate fiscal agency websites at www.house.Michigan.gov/hfa or www.senate.Michigan.gov/sfa.

FINANCIAL INFORMATION DATABASE (FID) REMINDER

All public schools that received state school aid during 2007-2008 are required to electronically submit financial data to the Financial Information Database (FID) by November 15, 2008. Failure to submit the FID data by that date is cause for the withholding of future state school aid payments (MCL 388.1618(9)). Questions related to the financial data required in this submission may be directed to Glenda Rader at (517) 335-0524 or e-mail RaderG@Michigan.gov. **The FID application will open for district submissions on September 2, the Tuesday after Labor Day.** At least one staff member must be designated by each district and public school academy to submit data via the FID application. To become authorized, this individual must download and complete a security agreement. To locate the agreement, go to www.Michigan.gov/CEPI, click on "MEIS Data Services" from the left-side navigation bar, and then on "Financial Information Database." In the pink box titled "Upload FID Data to CEPI," click on the "FID Security Agreements" link.

Questions related to accessing the system or submission of data to the FID may be directed to the DIT Client Service Center by e-mail at Help-Desk@Michigan.gov or telephone (517) 335-0505.

2007-2008 STATE SCHOOL AID REVENUE RECOGNITION

State school aid revenue reported on the 2007-2008 financial data submission should be consistent with amounts shown on the district's August 2008 State Aid Financial Status Report. Minor differences may occur as the result of accounts payable and receivable issues. Care should be taken to record the revenues in the appropriate fund, major class codes, and suffix as indicated in the *Michigan Public School Accounting Manual*. Account numbers for the 2007-2008 state school aid revenue may be found on our website at: http://www.Michigan.gov/mde/0,1607,7-140-6530_6605-21356--,00.html. Deferred Revenue – any restricted state grant funds (i.e., At Risk, Adult Education, Math/Science) remaining unspent at year end should be recorded in the financial statements as deferred revenue (balance sheet major class code 471) rather than as a reserve of fund balance. This does not apply to funds that are awarded without restriction as to use. Questions related to revenue recognition should be directed to Glenda Rader, Office of State Aid and School Finance, at (517) 335-0524 or by e-mail at RaderG@Michigan.gov.

WITHHOLDING OF SECTION 31A AT-RISK FUNDS

Pursuant to State School Aid Act Section 31a(9), local districts and public school academies that did not submit the 2007-2008 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 ThelenJ8@Michigan.gov. The 2007-2008 Section 31a Program Report form is available in the Michigan Electronic Grants System (MEGS) at <http://megs.mde.state.mi.us/megs/>.

DEFICIT DISTRICT INFORMATION

Deficit Elimination Plans for districts or academies incurring a negative general fund balance as of June 30, 2008 are due to the MDE by August 31, 2008. If audited financial data for the 2007-2008 school year are not yet available, please use the most recent board adopted budget figures in the "Actual 2007-2008" column. Current Deficit Elimination Plan forms are available on the Department's website at http://www.michigan.gov/mde/0,1607,7-140-6530_6605-106599--,00.html. Questions related to Deficit Elimination Plans should be directed to Phil Boone, Office of State Aid and School Finance, at (517) 335-4059 or by e-mail at BooneP2@Michigan.gov.

IMPORTANT DATES TO REMEMBER

- October 21, 2008 is the date of the annual **MDE/MSBO Fall Workshop**. This year's conference will be at the Eagle Eye Golf Club located just outside of East Lansing in Bath, Michigan.
- Pursuant to Section 380.1284b of the Revised School Code, unless it conflicts with a calendar agreed to as part of a current collective bargaining agreement that was in effect as of September 29, 2005, **school is not to be in session prior to Labor Day** (September 1, 2008).
- **Wednesday, September 24** is the **pupil membership count day** for 2008-2009 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 2007-2008 school fiscal year is due on **September 30**. (Dianne Easterling, (517) 373-6488, EasterlingD@Michigan.gov)
- The **SE-4094 Special Education Transportation Expenditure Report** for the 2007-2008 school fiscal year is due on **October 7**. (Dianne Easterling, (517) 373-6488, EasterlingD@Michigan.gov)
- The October 20, 2008 state school aid payment is the first payment of the 2008-2009 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, 2007. (Patty Lawless (517) 373-1122, LawlessP@Michigan.gov)
- **November 1** is the deadline for local districts (including PSAs) to file their **2007-2008 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 **2007-2008 FID – Annual Comprehensive Financial Report** is due from local and intermediate districts to CEPI by **November 15** (see related item above). **Failure to file this report will result in the withholding of state aid.** (Glenda Rader, (517) 335-0524, RaderG@Michigan.gov)
- **Proration factors:** Section 31a – At Risk funding per pupil proration is \$241.556207094. Section 29- Declining Enrollment proration is .0819867371. Section 56 – ISD Special Ed Millage Equalization proration is .9840317132. Section 62 – ISD Voc. Ed Millage Equalization proration is .9999238058.