

REMINDER TO DISTRICTS THAT PLEDGED THEIR AUGUST PAYMENT

Approximately 160 school districts participated in the Michigan Municipal Bond Authority's (MMBA) State Aid Note (SAN) Programs 2012 B-2 or 2012 B-3, and pledged their August 2012 school aid payment to the Bank of New York Mellon. If your district participated in one of these programs, please be reminded that all or part of your August payment will not be deposited in your bank account. Rather, the note set-aside portion will be deposited with the bank. If you have questions contact Ann Marie Mullett, Michigan Finance Authority (517) 373-1557 or MullettA@Michigan.gov.

AUGUST PAYMENT INFORMATION

The August state school aid payment is the 11th and final payment of the year and reflects a cumulative 100% of the year's allocations for Sections 22a, 51c, and 22b as well as for the categorical funding.

Updated Categoricals - The following categorical updates were updated in the August payment although the updates may not have affected the allocation amounts for all districts. If the allocation amount for your district has changed and you have questions concerning that change, contact the consultants identified below:

- Adult Education – Section 107 (Sandy Thelen, Workforce Development Agency, Adult Education, (517) 373-3395, ThelenS@Michigan.gov)
- Renaissance Zones – Section 26a (Howard Heideman, Treasury, Revenue and Tax Analysis, (517) 373-9002, HeidemanH@Michigan.gov)

BEST PRACTICE RESIDUAL INCLUDED IN AUGUST PAYMENT

Language in the Best Practice Section (22f) of the State School Aid Act states that if the Department determines that funds remain after allocating \$52 per pupil, the remaining unexpended amount is to be allocated on an equal per pupil basis to districts that meet the Best Practice requirements and that have a foundation for FY 2013 less than \$8,019. The remaining Section 22f funds have been allocated in the August payment at a rate of \$2.5530989841 per pupil. They appear on the August State School Aid Financial Status Report in the section labeled "Current Year Allowances" on a line labeled "Best Practice Residual." For questions related to these funds please contact John Hayner, Office of State Aid and School Finance, at (517) 241-0495 or by e-mail at HaynerJ1@Michigan.gov

FINANCIAL INFORMATION DATABASE (FID) REMINDER

All public schools that received state school aid during FY 2013 are required to electronically submit financial data to the Financial Information Database (FID) by November 15, 2013. 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 3, 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 lower left-hand corner of the screen, click on the "FID Security Agreements" link located in the "Upload FID Data to CEPI" box. Questions related to accessing the system or submission of data to the FID may be directed to the CEPI Customer support by e-mail at CEPI@michigan.gov or telephone (517) 335-0505.

FY 2013 STATE SCHOOL AID REVENUE RECOGNITION

State school aid revenue reported on the 2012-2013 financial data submission should be consistent with amounts shown on the district's August 2013 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 2012-2013 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.

FY 2014 SECTION 22G CONSOLIDATION GRANTS

Development of the 2013-14 District/ISD Consolidation Grant application has begun. \$5,000,000 has been appropriated under Section 22g of Public Act 60 of 2013 for competitive assistance grants to districts and intermediate districts that may be used for reimbursement of transition costs associated with the consolidation of districts or intermediate districts that occur on or after June 1, 2013. We anticipate to have grant applications open and available in MEGS+ by September 5, 2013, with a due date of October 4, 2013. A memo detailing the criteria of these grants and other important information will be sent to all local and intermediate school district superintendents and public school academy directors later this month. Questions regarding these grants may be directed to Christopher May, Office of State Aid and School Finance, at (517) 335-1263 or MayC@michigan.gov.

FY 2014 LOCAL DISTRICT BEST PRACTICES FUNDING

As reported in prior UPDATES, the school aid amendments for 2013-2014 include Section 22f language that allocates \$80 million to be paid out at the rate of \$52 per pupil to districts that meet at least 7 of 8 "best practices" by June 1, 2014. The best practices named are: be the policy holder of all employee health benefit packages; obtain a competitive bid for the provision of a non-instructional service for 2013-2014; provide a dashboard of specific education data to parents and community members; offer online instructional programs or blended learning opportunities to all eligible pupils; support opportunities for pupils to receive postsecondary credit while attending secondary school; provide physical education or health education; accept applications for enrollment by nonresident applicants under Section 105 or 105c; offer online instructional programs or blended learning opportunities to all eligible pupils; monitor individual pupil academic growth in each subject area at least twice during the school year or provide a plan and show progress toward developing the infrastructure to do the twice a year testing by 2014-2015. The Department's Financial Best Practices Incentive Guidance indicating the requirements that districts must meet to qualify for the Section 22f funds is being updated and will be available on the Department's website soon. Look for an Official MDE Communication related to the Best Practices Incentive as early as the week of August 19, 2013. Funds will be distributed to school districts pursuant to the school aid payment schedule beginning with the payment following receipt of the board resolution required by the guidance. Questions related to the best practices incentive 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.

WEIGHTED AVERAGE FOUNDATION GRANT USED FOR DUAL ENROLLMENT

The "postsecondary dual enrollment weighted average foundation" to be used in FY 2014 is \$7,262. The Postsecondary Enrollment Options Act (MCL 388.514) was amended in 2012 to require districts to pay a prorated share of the state weighted average foundation for pupils enrolled in a postsecondary institution. The per pupil foundation grants used to calculate the postsecondary dual enrollment weighted average foundation are capped at the basic foundation (\$8019 for FY 2013). The [State Aid Foundation Allowance parameter sheet](#) posted on the Department's website has been revised to reflect the dual enrollment weighted average foundation.

DEFICIT DISTRICT INFORMATION

Deficit Elimination Plans for districts or academies incurring a negative general fund balance as of June 30, 2013 or whose Board has adopted a 2013-2014 deficit budget were due to the MDE no later than July 31, 2013. Districts having incurred a negative general fund balance as of June 30, 2013 should contact the Office of State Aid and School Finance as soon as possible to begin planning their Deficit Elimination Plan (DEP) submissions, if they have not already done so. 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 a DEP should be directed to Jeff Kolb, Office of State Aid and School Finance, at (517) 373-1908 or by e-mail at KolbJ2@Michigan.gov or Chad Urchike at (517) 335-1261 or UrchikeC1@Michigan.gov.

IMPORTANT DATES TO REMEMBER

- **October 22, 2013** is the date of the annual **MDE/MSBO Fall Workshop**. This year's conference will be at the Eagle Eye Conference Center in East Lansing, Michigan.
- Pursuant to Section 380.1284b of the Revised School Code, **school is not to be in session prior to Labor Day** (September 2, 2013).
- **Wednesday, October 2, 2013** is the **pupil membership count day** for 2013-2014 and the second adult education participant count day of the year. (Brian Ciloski, (517) 373-3352, CiloskiB@Michigan.gov).
- The **SE-4096 Special Education Cost Report** for the FY 2013 school fiscal year is due on **September 30, 2013**. (Dianne Easterling, (517) 373-6488, EasterlingD@Michigan.gov)
- The **SE-4094 Special Education Transportation Expenditure Report** for the FY 2013 school fiscal year is due on **October 7, 2013**. (Dianne Easterling, (517) 373-6488, EasterlingD@Michigan.gov)
- The October 21, 2013 state school aid payment is the first payment of FY 2014. 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, 2013. (Patty Lawless (517) 373-1122, LawlessP@Michigan.gov)
- **November 1** is the deadline for local districts (including PSAs) to file their **2012-2013 financial audit report** with the ISDs. Both the **financial and pupil accounting audit reports** are due electronically to the Department on **November 15**. **Failure to file these reports will result in the withholding of state aid.** (Naomi Krefman, (517) 335-6858, KrefmanN@Michigan.gov)
- The **FY 2013 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)
- The **DS-4168, Days and Clock Hours Report** for 2012-13 were due **August 1, 2013**.
- **Proration factors:** Section 31a – At Risk funding per pupil proration is \$319.1853425072. Section 152a Headlee Obligation for Data Collection funds are being paid at a rate of \$24.5293312526 per pupil.

Do you have questions about the information appearing in this UPDATE? Call the consultants identified above or Dan Hanrahan, Director, State Aid and School Finance, MDE, phone: (517) 335-0521, fax: (517) 241-0196, e-mail: HanrahanD@Michigan.gov.