

STATE SCHOOL AID UPDATE

Michigan Department of Education



December 2007

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HAPPY HOLIDAYS TO ALL OF YOU

The Office of State Aid and School Finance staff (Jerry, Janelle, Joellen, Phil, Sandy, Glenda and Dan) wish each of you a Happy Holiday Season! Also, we wish you the best for the upcoming new year. As always, we encourage you to feel free to contact us with questions or concerns that we may be able to help with. In addition, we would like to thank you for your support and encouragement that you express to us when we talk on the phone or meet occasionally in person at meetings and other functions.

NOVEMBER UPDATE CORRECTION

The first paragraph of last month's UPDATE (November 2007) referred to the November 2008 *Durant* payment in the last sentence. That reference should have said November 2007. The November 2007 *Durant* payment was the last of 10 November *Durant* payments. There will be no November 2008 *Durant* payment.

DECEMBER PAYMENT INFORMATION

The December state school aid payment is the third regular payment of the 2008 fiscal year. The payment will be electronically transferred to the districts' accounts on Thursday, December 20, 2007.

Taxable value - The December payment continues to use the *beginning* 2007 tax roll non-homestead taxable value data, as provided by the county treasurers via the web based taxable valuation collection process. These data can be viewed by school district personnel on the Department's website. The URL is: <http://mdoe.state.mi.us/taxvalue>. To view your data, click on "Public Access," and then choose your district code and the appropriate tax year from the drop-down menus. Questions concerning taxable value should first be directed to the appropriate county treasurer.

Pupil membership - September 2007 unaudited pupil count data reported to the Center for Educational Performance and Information (CEPI) via the Single Record Student Database (SRSD) were used in the calculation of the blended membership count for the December payment. Also, the **three-year average membership blend** was calculated for qualifying districts using these unaudited counts. These are districts with a current year 25% - 75% blend of less than 1,550 **and** 4.5 or fewer pupils per square mile for whom the average of the membership blends for fiscal year 2006, fiscal year 2007 and fiscal year 2008 exceeds the current year blend. An asterisk (*) next to the membership figures on the status report indicates a three-year average. See related discussion below pertaining to Section 29 funding.

Updated categoricals - The following categoricals were updated in the December 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:

- Michigan School Readiness - Section 32d (Connie Robinson, Early Childhood Education and Family Services, (517) 241-4291, RobinsonC1@Michigan.gov)
- Adult Education - Section 107 (Joellen Wonsey, State Aid and School Finance, (517) 373-3352, WonseyJ@Michigan.gov)
- ISD Great Start - Section 32j (Jacqueline Wood, Early Childhood Education and Family Services, (517) 241-4741, WoodJ2@Michigan.gov)
- Bus Driver Instruction - Section 74 (Kenneth Micklash, Grants Coordination and School Support Services, (517) 373-1806, MicklashK@Michigan.gov)

SECTION 81 FUNDS INCREASED BY 1%

P.A. 137 of 2007, which provides the state school aid appropriations for fiscal year 2008, amends Section 81 (Intermediate School District General Operations) to increase the allowance amounts by 1%. The Section 81 allowance amounts that are reflected on the December 2007 State School Aid Financial Status Report include the 1% increase. Questions related to this item may be directed to Glenda Rader, State Aid and School Finance, (517) 335-0524, or e-mail: RaderG@Michigan.gov.

DELINQUENT REPORTS RESULT IN THE WITHHOLDING OF FUNDS

A few districts and public school academies (PSA) have failed to comply with the November 15th submission deadline for the **Financial Information Database (FID) – Annual Comprehensive Financial Report** and the **Financial Audit Reports**. The financial penalty for non-compliance is a 100% withholding of state aid until the reports are received. Therefore, for the districts with outstanding reports as of December 10, the December payment has been withheld. Payments will continue to be withheld until the required reports are received. Questions regarding the *audit reports* may be directed to Kathy Weller, Office of Audits, (517) 335-6858, or e-mail: WellerK@Michigan.gov. Districts with questions pertaining to the *FID* may contact Glenda Rader, State Aid and School Finance, (517) 335-0524, or e-mail: RaderG@Michigan.gov. It is important to note that in all of the above cases, the delinquent districts were contacted and encouraged to file the reports in order to avoid an interruption in their state aid. Nevertheless, there remain a few noncompliant districts. We appreciate the cooperation of all those who have filed their reports in a timely manner.

DELINQUENT REP DATA RESULTS IN 5% WITHHOLDING

Section 19(5) of the State School Aid Act requires local districts, intermediate districts and PSAs to submit their Registry of Educational Personnel (REP) data to the Center for Educational Performance and Information (CEPI) by the first business day in December each year. Section 19(7) of the State School Aid Act requires the Department to withhold 5% of the total funds for which the local district, intermediate district or PSA qualifies for under the act for non-compliance with the reporting requirement. The withheld amount will appear on the State Aid Status Report as a negative amount under the section labeled "Current Year Allowances" on a line labeled "REP Deduct." Questions related to the submission of the REP data should be directed to the DIT Client Service Center via e-mail at help-desk@Michigan.gov or phone at (517) 335-0505.

SECTION 29 DECLINING ENROLLMENT FUNDS UPDATED

The Section 29 Declining Enrollment allowances have been updated for the December payment. This categorical allocates \$20 million to districts with a decline in membership from fiscal year 2006 to fiscal year 2007 as well as from fiscal year 2007 to fiscal year 2008. The payment is based on the difference between a three year average blend and the regular blended membership multiplied by the district's foundation. Prior to the December payment, the September 2006 pupil counts were used as an estimate of the September 2007 counts in this calculation. The unaudited September 2007 counts have been used in the December calculation of Section 29 funding. Therefore, as the statewide eligibility is prorated down to \$20 million, the allowance amounts for all districts have changed in December. Please be aware that these allowance amounts will continue to change slightly as audited September 2007 pupil counts are received. This is the second year of Section 29 funding. There is no application required, as the funding is determined by formula and the Department gets the necessary data from CEPI. Questions related to this item may be directed to Glenda Rader, State Aid and School Finance, (517) 335-0524, or e-mail: RaderG@Michigan.gov.

SECTION 20(8) AND SECTION 20(9) FUNDING INFORMATION

Certain "hold-harmless" districts are eligible for funding under Section 20(8) or Section 20(9) of the State School Aid Act. A hold-harmless district is defined as a district whose fiscal year 1995 foundation was \$6,500 or greater. The eligible hold harmless districts are those with less than 350 pupils or those eligible to levy .5 mill or less under Section 1211(1) of the *Revised School Code*. In order to qualify, the district must submit a board resolution each year stating that they are not levying any millage under Section 1211(1) and are requesting payment under Section 20(8) or Section 20(9). If your district qualifies under either of the criteria and has not sent in the resolution, you may still do so. However, you should submit the resolution as soon as possible to: Michigan Department of Education, P.O. Box 30106, Lansing Michigan 48909. Questions related to this item may be directed to Dan Hanrahan at (517) 335-0521 or e-mail: HanrahanD@Michigan.gov.

PUBLIC SCHOOL ACCOUNTING MANUAL UPDATE

Revisions to the *Michigan Public School Accounting Manual*, Change Notice 15, are currently being distributed to school districts. The information is also available electronically on our website at: http://www.michigan.gov/mde/0,1607,7-140-6530_6605-21321--,00.html.

GENERAL INFORMATION

The proration factor for Section 31a At-Risk is \$239.968641269 per pupil.
The proration factor for Section 29 Declining Enrollment is .083383263.

*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