

## STATE SCHOOL AID UPDATE

Michigan Department of Education



December 2013

Vol. 22 No. 3

### **HAPPY HOLIDAYS TO ALL OF YOU**

Superintendent Mike Flanagan and the Office of State Aid and School Finance staff (Phil, Sandy, Jeff, Brian, John, Chris, Chad, 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 the support and encouragement that you express to us when we talk on the phone or meet occasionally in person at meetings and other functions.

### **DECEMBER PAYMENT INFORMATION**

The December state school aid payment is the third regular payment of the 2014 fiscal year. The payment will be electronically transferred to the districts' accounts on Friday, December 20, 2013.

**Pupil membership** – October 2013 unaudited pupil count data reported to the Center for Educational Performance and Information (CEPI) via the Michigan Student Data System (MSDS) were used in the calculation of the blended membership count for the December payment.

**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:

- Great Start Readiness - Section 32d (Jan Fowler, Early Childhood Education and Family Services, (517) 241-4741, [FowlerJ2@Michigan.gov](mailto:FowlerJ2@Michigan.gov))
- MPERS Cost Offset - Section 147 (Glenda Rader, State Aid and School Finance, (517) 335-0524, [RaderG@Michigan.gov](mailto:RaderG@Michigan.gov))
- MPERS UAAL Rate Stabilization - Section 147c (Glenda Rader, State Aid and School Finance, (517) 335-0524, [RaderG@Michigan.gov](mailto:RaderG@Michigan.gov))
- Math and Science Grants – Section 99 (Ruth Anne Hodges, Education Improvement and Innovation, (517) 241-2219, [HodgesR3@Michigan.gov](mailto:HodgesR3@Michigan.gov))
- First Robotics – Section 99h, (Ann Marie Smith, Education Innovation and Improvement, (517) 335-2775, [SmithA24@Michigan.gov](mailto:SmithA24@Michigan.gov))

### **SECTION 25E PUPIL MEMBERSHIP TRANSFERS**

As reported in previous UPDATES, a new Section 25 of the State School Aid Act allows school districts including public school academies to count a prorated share of an FTE and, therefore, earn a prorated state school aid foundation for pupils who transferred in after the Pupil Membership Count Day (October 2, 2013 for FY 2014) and before the Supplemental Count Day (February 12, 2014), provided that they were counted by a district or academy on the Pupil Membership Count Day. The December state aid payment is the first payment of the 2013-14 fiscal year to contain membership adjustments triggered by student transfers under Section 25e. Districts may verify the total amount of FTE currently transferred through Section 25e transactions by viewing the "Summary" tab contained in their MSDS Audit Report for the "Fall 2013 General Collection." The Audit Report is accessible through the following link: <https://cepi.state.mi.us/msds>.

CEPI also provided districts with a detailed report of transaction named the "Section 25 Summary Report." Authorized users can view this report by logging into MSDS and selecting "Section 25" from the left navigation, and selecting "Section 25 Summary Report" from the options. This report contains student level information, and for that reason is only accessible to users with proper authorization. The Department recommends that districts monitor this report on a regular basis so that they remain aware of the amount of membership that has been transferred each month.

### **FY 2013 FID DATA**

The Department would like to thank school district administrators for submitting the FY 2013 FID data. Department staff is beginning to review the data for quality. Specific e-mails will be sent to FID users requesting corrections within the next few weeks. The FID remains open at this time for

districts to submit updated files. Once the final FID data have been processed, preliminary 2015 Indirect Cost Rates and 2013 Maintenance of Effort will be calculated. It is anticipated that staff will run those calculations during the first week of February 2014. Questions related to this item may be directed to Glenda Rader at (517) 335-0524 or e-mail: [RaderG@Michigan.gov](mailto: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 15, 2013 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 2, 2013 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 Naomi Krefman, Office of Audits, (517) 335-6858, or e-mail: [KrefmanN@Michigan.gov](mailto:KrefmanN@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](mailto: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. As noted above, we appreciate the cooperation of all those who have filed their reports in a timely manner.

### **SECTION 22C EQUITY PAYMENT**

In addition to the per pupil foundation funds, districts with a FY 2014 foundation grant less than \$7,076 per pupil are receiving a **Section 22c Equity Payment** equal to \$7,076 minus the district's FY 2014 foundation grant. Those funds appear in the "Current Year Allowance Section" of the State School Aid Financial Status Report on a line labeled "22c Foundation Equity Payment." The allowance is equal to the per pupil amount times the districts state aid membership (combined general education and special education pupil count).

### **BUDGET AND SALARY/COMPENSATION TRANSPARENCY REPORTING REMINDER**

Every district receiving State School Aid is required to post certain financial data on their website. December 15th is the deadline for several data elements, including the FID data charts (Current Operating Expenditures and Personnel Expenditures), the 2013 audit, Association Dues, and Lobbying Costs. The 2013-14 board approved budget and all subsequent amendments also need to be posted to the transparency page. The Department's guidelines for posting financial data to district websites as required by the above referenced statute is available at [http://www.michigan.gov/mde/0,1607,7-140-6530\\_6605-159882--\\_00.html](http://www.michigan.gov/mde/0,1607,7-140-6530_6605-159882--_00.html). Questions related to Budget and Salary/Compensation Transparency reporting should be directed to Chad Urchike, Office of State Aid and School Finance, at [UrchikeC1@Michigan.gov](mailto:UrchikeC1@Michigan.gov) (517-335-1261).

### **HELP WITH RECONCILING PRIOR YEAR ADJUSTMENTS**

The Michigan Department of Education and Department of Technology, Management and Budget have developed a new publicly available report for the State School Aid payment. This report is intended to provide an improved resource for the reconciliation of prior year adjustments to state school aid. The new report both condenses and expands upon the previously available prior year adjustment spreadsheets. The report details the parameters used to recalculate state aid, the recalculated amounts by section of the State School Aid Act, and includes historical data to assist the district in understanding prior year adjustments. The report can be seen at <http://mdoe.state.mi.us/SAMSStatusReports/LEAPriorYrAdjustments.aspx>. Use the drop-down window to select the fiscal year, and enter the district code to see the results. Please contact Phil Boone at [BooneP2@Michigan.gov](mailto:BooneP2@Michigan.gov) or 517-335-4059 with any questions.

### **GENERAL INFORMATION**

The proration factor for Section 31a At-Risk is \$306.5372441438 per pupil.  
The Headlee Obligation for Data Collection funding is at a rate of \$24.7245366632 per pupil.  
The proration factor for Section 20f Hold Harmless funds is .8951001987

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\*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](mailto:HanrahanD@Michigan.gov).