

FEBRUARY PAYMENT INFORMATION

The February state school aid payment is the fifth regular payment of the 2011-2012 fiscal year. The payment will be electronically transferred to the districts' accounts on Tuesday, February, 21, 2012.

Updated categoricals - The following categoricals were updated in the February 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)
- ISD Great Start - Section 32j (Colleen O'Connor, Early Childhood Education and Family Services, (517) 241-4291, OconnorC1@Michigan.gov)
- Vocational Education Administration – Section 61a(2) (Joanne Mahoney, Career and Technical Education, (517) 335-0405, MahonyJ@Michigan.gov)
- Great Start ECIC – Section 32b (Alissa Parks – Early Childhood Investment Corporation – (517) 371-9000, ext. 221, aparks@ecic4kids.org)

EXECUTIVE BUDGET RECOMMENDATION FOR 2012-2013

On February 9, 2012, Governor Snyder's Executive Budget Recommendation for FY 2013 was presented to the legislature. The following are some highlights of the provisions of the K-12 budget portion of the Governor's proposal.

- The per pupil **Foundation Grants for FY 2013 would be equal to the FY 2012 Foundation Grants**. The minimum foundation grant for FY 2013 would remain at \$6,846 per pupil with the maximum state guaranteed foundation remaining at \$8,019.
- Section 22f has been amended to include funding of \$190 million for both **Best Practices (\$120 million) and Student Performance (\$70 million)**. The **performance-based funding** would go to districts that meet certain academic thresholds determined by the Department that are based on growth on student test scores. A maximum of \$100 for each pupil in membership could be earned under the student performance funding as follows:
 - \$30 per pupil based on pupil performance on state assessments in mathematics in grades 3 to 8.
 - \$30 per pupil based on pupil performance on state assessments in reading in grades 3 to 8.
 - \$40 per pupil based on high school improvement over a 4-year period in the percentage of high school pupils testing as proficient in all tested subject areas on the state assessments of high school students.

Although the payments are earned by different subsets of pupils (grades 3 to 8, grades 9 to 12), the per pupil payments would be made for all pupils in membership.

The **best practices funding** would be based on an equal per pupil amount and go to districts that meet 5 of 6 best practice criteria as follows:

- If a district provides health care benefits to employees, the district is the policy holder.
- The district participates in schools of choice under Sections 105 or 105c of the State School Aid Act.
- The district monitors individual academic growth at least twice a year and reports the results to the student and parent/guardian.
- The district supports opportunities for students to receive postsecondary credit while attending high school.
- The district offers online instructional programs or blended learning opportunities to eligible pupils.
- The district provides a dashboard or report card that demonstrates the district's efforts to manage its fiscal responsibilities to parents and community members.
- The Executive Recommendation for FY 2013 would maintain the **Section 81 Intermediate School District (ISD) General Operations** funding at \$62.1 million; however, 5% (\$3.1 million) of each ISD's funding would be contingent on meeting 4 out of 5 best practices criteria as follow:
 - The ISD enters into a Service Consolidation Agreement with the Department that meets certain criteria.
 - The ISD has obtained competitive bids on the provision of 1 or more non-instructional services with a value of \$50,000 or more for the ISD or its constituent districts.

- The ISD develops a technology plan on behalf of all its constituent districts that integrates technology into the classroom and prepares teachers to use digital technology.
- The ISD provides a dashboard or report card that demonstrates the ISD's efforts to manage its fiscal responsibilities to parents and community members.
- The ISD works in a consortium with one or more ISDs to develop information management system requirements and bid specifications that can be used as statewide models.
- The Executive Recommendation recognizes the **Education Achievement System (EAS)**, a statewide school district, created to help transform Michigan's lowest performing schools. The EAS will receive a per pupil foundation allowance equal to the foundation allowance of the district in which an achievement school is located.
- The Executive Recommendation maintains \$309 million for the **Section 31a At-Risk** funding.
- The **Section 32d Great Start Readiness** funding would remain at \$95.7 and the **Section 32I Great Start Readiness Competitive** program would remain at \$8.9 for a total of \$104.6 million to fund programs for four year olds at \$3,400 per child. The **Great Start Early Childhood Investment Corporation Collaborative** grants would continue to be funded at \$5.9 million. The **Section 32j Great Start Great Parents ISD** funding of \$5 million is also maintained.
- **Section 61a Career and Technical Education Added Cost** funding would continue at \$26.6 million.
- Other programs that would continue for FY 2013 at their FY 2012 state funding levels include:
 - ISD Special Education Millage Equalization (Section 56) \$36.9 million;
 - ISD Vocational Education Millage Equalization (Section 62) \$9 million;
 - Math/Science Centers (Section 99) \$2.6 million;
 - Bus and Bus Driver Safety (Section 74) \$3.2 million;
 - Adult Education (Section 107) \$22.0 million;
 - Adolescent Teen Health Centers (Section 31a) \$3.6 million;
 - School Lunch (Section 31d) \$22.5 million;
 - School Breakfast (Section 31f) \$9.6 million.

Language is maintained in the Executive Proposal that would require **1,098 hours of instruction** in order for **kindergarten pupils** to generate a 1.0 FTE for state school aid payment purposes.

The **three-year average blended pupil count** language in Section 6(4)(y) which applies to those districts with 4.5 or fewer pupils per square mile and a standard, current-year blend of less than 1,550 FTEs is maintained.

The estimated FY 2013 **PSERS rate** would increase from 24.46% to 27.37% for those employed prior to July 1, 2010 and from 23.23% to 26.14% for those employed after July 1, 2010.

The summary provided above should not be considered a complete description of the content of the executive proposal. Also, please be advised that changes are likely as the budget makes its way through the legislative process. Additional information and details on the executive budget proposal can be found at www.Michigan.gov/budget. Click on "Executive Budget Bills-State Education Funding Act."

SPECIAL EDUCATION COSTS UPDATED

The February payment was calculated with updated special education and special education transportation cost figures for most districts. The figures now being used are the costs reported for FY 2011. In addition to affecting the current year Section 51c - Special Education Headlee amount, this update may cause adjustments to the current year Section 22b - Discretionary Payment as well as causing prior year adjustments for FY 2011 Section 51c and possibly FY 2011 Section 22b. Questions concerning these changes may be directed to Dianne Easterling, (517) 241-1235, EasterlingD@Michigan.gov.

GENERAL INFORMATION

- If you navigate the Department's website by first clicking on "keywords" on the homepage, you will now use "Hot Topics A-Z" in the middle of the page.
- March 21 is the deadline for ISDs to submit to the Center for Educational Performance and Information (CEPI) the Audited FTE Counts for the October 5, 2011 pupil membership count day.
- February 8 was the FY 2012 Supplemental count date. The Michigan Student Data System (MSDS) records for the Supplemental count date are due to the Center for Educational Performance and Information (CEPI) by March 14, 2012 and are to be certified by March 28, 2012.
- The proration factor for Section 31a – At Risk funding is \$294.1084911361 per pupil.
- The proration factor for Section 56- Special Education Millage Equalization is .891436486.
- The proration factor for Section 62- Vocational Education Millage Equalization is .9455433621.

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