

### **FEBRUARY PAYMENT INFORMATION**

The February state school aid payment is the fifth regular payment of FY 2014. The payment will be electronically transferred to the districts' accounts on Thursday, February, 20, 2014.

**Updated categoricals** - The following categoricals are among those 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](mailto:FowlerJ2@Michigan.gov))
- Integrating MI Merit Curriculum CTE – Section 61a(3) (Joan Church, Career and Technical Education, (517) 335-0360, [ChurchJ@Michigan.gov](mailto:ChurchJ@Michigan.gov))
- Dual Enrollment Credit Transfer - Section 64a (Joan Church, Career and Technical Education, (517) 335-0360, [ChurchJ@Michigan.gov](mailto:ChurchJ@Michigan.gov))

### **FY 2014 BEST PRACTICE RESOLUTIONS**

The Department is experiencing a compliance issue with many of the FY 2014 Best Practice resolutions received. The issue involves the 2014-15 budget projections that are part of requirement G. Out of 196 Best Practices resolution submissions, 91 have been found to be out of compliance with requirement G.

Compliance with requirement G involves three elements. First, a link to the MI School Data website needs to be provided directly under the Budget Transparency icon on your Main Home Page or at the bottom of your Budget Transparency web page. Second, a listing of all debt service obligations needs to be disclosed. This can be met by providing a link to your most recent audit, which normally includes a footnote detailing a district's long-term debt. Third, revenue and expenditure projections for 2014-15 must be provided under the "Board Approved Budget" section of the Budget Transparency web page.

When this compliance issue is noted, correspondence regarding the element(s) out of compliance with requirement G is sent to the superintendent and, in most cases, the business manager. Please note that it is the district's responsibility to notify us after corrections have been made. Another review of the website will not be completed until an e-mail notification is sent to the address listed in our correspondence.

Please refer to our [Best Practices guidance](#) for information on the 2013-14 legislative requirements. Questions related to Best Practices may be directed to John Hayner at [haynerj1@michigan.gov](mailto:haynerj1@michigan.gov) (517-241-0495). Please refer to our [Budget Transparency guidance](#) for specific information on the elements of requirement G. Questions related to requirement G may be directed to Chad Urchike at [urchikec1@michigan.gov](mailto:urchikec1@michigan.gov) (517-335-1261).

### **SPECIAL EDUCATION COSTS UPDATED**

The February payment was calculated with updated special education and special education transportation cost figures for many districts. The figures now being used are the costs reported for FY 2013. 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 2013 Section 51c and possibly FY 2013 Section 22b. Questions concerning these changes may be directed to Dianne Easterling, (517) 241-1235, [EasterlingD@Michigan.gov](mailto:EasterlingD@Michigan.gov).

### **EXECUTIVE BUDGET RECOMMENDATION FOR 2014-2015**

On February 6, 2014, Governor Snyder's Executive Budget Recommendation for FY 2015 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 2015** would be based on what is being referred to as a **modified 2X formula**. The foundation increases will range from \$83 to \$111 per pupil. All districts will receive a \$55 per pupil increase. In addition to the \$55 per pupil increase, districts will receive an increase based on the 2X formula of between \$28 and \$56 per pupil. The minimum foundation for FY 2015 will be \$7,187 and the basic foundation will be \$8,132 per pupil
- The FY 2014 **Section 22c equity payments** of up to \$50 dollars per pupil would be **rolled up into the foundation**. Therefore, a district with a FY 2014 foundation of \$7,026 will have a FY 2015 foundation of \$7,187 under the proposed Executive Recommendation. The \$7,187 is calculated by adding the FY 2014 foundation of \$7,026, the \$50 FY 2014 equity payment, the \$55 increase all districts would receive under the proposal and the \$56 increase under the 2X formula ( $7,026 + \$50 + \$55 + \$56 = \$7,187$ ).
- Districts that are receiving funding in FY 2014 under the **Section 20f Hold Harmless** provision would receive the same amount per pupil in FY 2015.
- The **Section 22f Best Practices** appropriation would remain at \$80 million and be paid out at a rate of \$52 per pupil. Districts would continue to need to meet 7 of the same 8 Best Practices that are currently in statute:
  - If a district provides health care benefits to employees, the district is the policyholder.
  - 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 district obtains competitive bids for a noninstructional service for FY 2015.
  - The district provides Physical Education or Health Education.
- The **Section 22j Performance-Based funding** would be maintained at \$46.4 million and 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.
- The Executive Recommendation for FY 2015 would maintain the **Section 81 Intermediate School District (ISD) General Operations** funding at \$62.1 million with an additional \$2 million available for ISDs meeting 5 out of 6 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 ISD is the policyholder for health care benefits.
- The **Section 32d Great Start Readiness** funding would be **increased by \$65 million** from \$174.5 million to \$239.5 million to fund an additional 16,000 half-day placements. The reimbursement for half-day placements in the program would go from \$3,625 to \$3,725.
- Total state payments related to **MPSERS Reform** in the 2015 Executive Recommendation would be \$783.9 million. The UAL rate cap would be reduced from 20.96% to 19.76%.

Boilerplate language would add a **new Section 102a** giving the state the authority to require financial reports from districts that show **potential financial stress** based on information in audit reports, budgets, etc.

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](http://www.Michigan.gov/budget). Click on "Executive Budget Bill-State Education Funding Act."

### **GENERAL INFORMATION**

- March 18 is the deadline for ISDs to submit to the Center for Educational Performance and Information (CEPI) the Audited FTE Counts for the October 2, 2013 pupil Membership count day.
- February 12 was the FY 2014 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 19, 2014 and are to be certified by March 26, 2014.
- The proration factor for Section 31a – At Risk funding is \$306.5372441438 per pupil.
- The proration factor for Section 22j Performance Based Funding is .9981115579
- The Headlee Obligation for Data Collection funds are being paid at a rate of 24.729169858 per pupil.