

STATE SCHOOL AID UPDATE

Michigan Department of Education



February 2015

Vol. 23 No. 5

FEBRUARY PAYMENT INFORMATION

The February state school aid payment is the fifth regular payment of FY 2015. The payment will be electronically transferred to the districts' accounts on Friday, February 20, 2015.

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)
- Integrating MI Merit Curriculum CTE - Section 61a(3) (Joan Church, Career and Technical Education, (517) 335-0360, ChurchJ@Michigan.gov)
- Vocational Education Admin - Section 61a(2) (Joanne Mahony, Career and Technical Education, (517) 335-0405, MahonyJ@Michigan.gov)

MEMBERSHIP CHANGES DUE TO SECTION 25E

Section 25e provides a method for districts to claim state aid for eligible students who transfer after the fall count. The FTE that transfers under this Section is aggregated into the total FTE reported for the fall on the district's State Aid Financial Status Report. Several districts have inquired as to their Section 25e adjustments. The Summary tab within the MSDS Audit Form (<https://cepi.state.mi.us/msds/AuditForm.aspx>) provides a quick method of seeing how many FTE have transferred under Section 25e to date. A detailed report is also available within MSDS, however, additional user rights may be required (<https://sso.state.mi.us/MSDS/Section25Report.aspx>). Questions concerning this item may be directed to Brian Ciloski, (517) 373-3350, CiloskiB@Michigan.gov.

SECTION 64b DUAL ENROLLMENT FUNDING INCENTIVE NOW AVAILABLE

Section 64b provides incentive funds for districts that support the attendance of district pupils enrolled in grades 9 to 12 who participate in postsecondary dual enrollment/concurrent enrollment courses. In order for districts to claim eligible incentive funds, a worksheet must be submitted to the Center for Educational Performance Information (CEPI) following the completion of the dual enrollment. The "Section 64b Claim Worksheet" is available on CEPI's website under "Resources" on the Michigan Student Data System (MSDS) application page at the following address: http://www.michigan.gov/cepi/0,1607,7-113-986_50502---,00.html. Questions concerning this item may be directed to Christopher May, (517) 335-51263, MayC@Michigan.gov.

PERSONAL PROPERTY TAX PAYMENTS

Pursuant to 2013 PA 153, a new "small taxpayer" personal property tax exemption is in effect for commercial and industrial personal property. Several school districts will receive a payment on February 19, 2015 pursuant to 2014 PA 86 to reimburse local and intermediate school districts for revenue lost due to the "small taxpayer" exemption. The funds used to reimburse school districts are not appropriated in the State School Aid Act. However, the payment advice for these funds will be reflected on the February 2015 State School Aid Financial Status Report. The advice appears in the section labeled "Current Year Allowances" on a line labeled "* Treasury PPT Reimbursement" as

well as in the section labeled "Supplemental Payments" with a note describing the purpose of the payment. Questions related to this payment should be directed to Andrew Lockwood, Treasury, Office of Revenue and Tax Analysis, (517) 373-2863 or LockwoodA@Michigan.gov.

EXECUTIVE BUDGET RECOMMENDATION FOR 2015-2016 SCHOOL AID

On February 11, 2015, Governor Snyder's Executive Budget Recommendation for FY 2016 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 2016** would be equal to the district's FY 2015 per pupil foundation plus any equity payment received under Section 22c in FY 2015 plus \$75. Under this plan, the minimum foundation for FY 2016 will be \$7,326 and the basic (maximum state guaranteed) foundation will be \$8,174 per pupil.
- The FY 2015 **Section 22c Equity payments** of up to \$125 per pupil would be **rolled up into the foundation**. Therefore, a district with a FY 2015 foundation of \$7,126 will have a FY 2016 foundation of \$7,326 under the proposed Executive Recommendation. The \$7,326 is calculated by adding the FY 2015 foundation of \$7,126, the \$125 FY 2015 equity payment for this district, and the \$75 increase all districts would receive under the proposal ($\$7,126 + \$125 + \$75 = \$7,326$).
- Districts that are receiving funding in FY 2015 under the **Section 20f Hold Harmless** provision would receive the same amount per pupil in FY 2016.
- The **Section 22f Best Practices** appropriation would be reduced to \$30 million and be paid out at a rate of \$20 per pupil. To qualify, districts would need to meet 2 of 3 Best Practices in a financial category and 2 of 3 Best Practices in an academic category:

FINANCIAL (2 of 3)

- The district maintains a citizen's dashboard of financial indicators.
- The local board members receive Department-approved training if the district has an ending fund balance of less than 5% of operating expenditures at the prior year end.
- The district maintained an ending fund balance greater than 5% of operating expenditures at the prior year end.

ACADEMIC (2 of 3)

- The district administers a Department-approved kindergarten assessment that assesses English language arts and mathematic skills of all first-time kindergarten pupils.
 - The district administers Department-approved diagnostic tools to monitor the development of early reading skills and supports research-based professional development for educators.
 - The district assesses the effectiveness of current college and career advising programs within the district and develops a plan to address deficiencies according to standards recommended by the Michigan College Access Network.
- The Executive Recommendation would increase the **Section 31a At Risk** appropriation by \$100 million. This would significantly reduce the Section 31a per pupil proration.
 - A **new Section 35 and new Sections 35a through 35g** and additional funding in **Section 32p and Section 104** would allocate a total of \$25 million for programs that would ensure children are **reading on grade level** by the end of grade 3. The objective under these Sections is that Michigan will be in the top 10 most improved states in fourth grade reading proficiency as documented by the

2019 National Assessment of Education Progress and will be in the top 10 states overall by 2025.

- A **new Section 61b** would allocate \$17.8 million for **Career and Technical Early/Middle College** programs that would increase the number of Michigan residents with high quality degrees or credentials in order to increase the number of pupils who are college and career ready upon high school graduation.
- The Executive Recommendation for FY 2016 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 all of the best practices criteria as follows:
 - The ISD enters into a Service Consolidation Agreement with the Department or implements a previously developed plan that meets certain criteria.
 - 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 a recommended model.
- Total state payments related to **MPSERS Rate Cap Stabilization** would increase to \$893.5 million and district libraries would be added to the eligible entities.
- The **Section 22j Performance-Based funding** would be eliminated under this proposal.

Boilerplate language would add a **new Section 103b** 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. 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 1, 2014 Pupil Membership Count day.
- February 11 was the FY 2015 Supplemental count date. The Michigan Student Data System (MSDS) records for the Supplemental count date are due to the CEPI by March 18, 2015 and are to be certified by March 25, 2015.
- Grant applications for the FY 2015 Section 22g Consolidation of Operations or Services grants are in MEGS+ and available through February 27, 2015.
- The proration factor for Section 31a – At Risk funding is \$315.1105536976 per pupil.
- The proration factor for Section 22j Performance Based Funding is .9966893316.
- The Headlee Obligation for Data Collection funds are being paid at a rate of \$24.9589358659 per pupil.