

JANUARY 18, 2007 REVENUE ESTIMATING CONFERENCE

A revenue estimating conference was held on January 11, 2008 to update revenue projections for fiscal year (FY) 2007-2008, to make projections for FY 2008-2009 and to set a final revenue figure for FY 2006-2007. The revenue projection for the state school aid fund for the current fiscal year (2007-2008) has been revised to \$11.353 billion. That represents a decrease of \$135.8 million from the previous projection. However, the consensus is that that amount of new revenue, plus the beginning fund balance, along with a decrease in projected costs due to lower than expected pupil counts will leave the FY 2007-2008 school aid fund with sufficient revenues to support the FY 2007-2008 school aid allocations. With questions regarding this item, contact Dan Hanrahan, Office of State Aid and School Finance (517) 335-0521, or e-mail: HanrahanD@Michigan.gov. Or, you may wish to go to the Senate or House Fiscal Agency website and view more detailed information regarding the revenue estimating conference.

JANUARY PAYMENT INFORMATION

The January state school aid payment is the fourth regular payment of the 2007-2008 fiscal year. The payment will be electronically transferred to the districts' accounts on Tuesday, January 22, 2008 as a result of the 20th falling on a Sunday and January 21, 2008 being a bank holiday (Martin Luther King Day).

Taxable value - The January 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.

Pupil membership - September 2007 unaudited pupil count data were used in the calculation of the blended membership count for the January payment used to calculate the **Section 20 Foundation** allowances as well as the **Section 29 Declining Enrollment** allowances. 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 FY 2005-2006, FY 2006-2007 and FY 2007-2008 exceeds the current year blend. An asterisk (*) next to the membership figures on the status report indicates a three-year average.

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

- Court placed Pupils - Section 24 (Dianne Easterling, Special Education and Early Intervention Services, (517) 241-4517, EasterlingD@Michigan.gov)
- Vocational Education - Added Cost - Section 61a(1) (Saundra Carter, Career and Technical Education, (517) 335-0372, CarterS5@Michigan.gov)
- ISD Great Start - Section 32j (Jacqueline Wood, Early Childhood Education and Family Services, (517) 241-4741, WoodJ2@Michigan.gov)
- Michigan School Readiness - Section 32d (Connie Robinson, Early Childhood Education and Family Services, (517) 241-4291, RobinsonC1@Michigan.gov)

STATE AID CONTINUES TO BE WITHHELD FOR DELINQUENT REPORTS

A few districts and PSAs continue to have state aid withheld because they have failed to file the *financial* audit report and/or the Annual Comprehensive Financial Report - Financial Information Database (FID). Payments will continue to be withheld until the required reports are received. All 2006-2007 *pupil accounting* audit reports have been filed. 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,

Office of State Aid and School Finance, (517) 335-0524, or e-mail: RaderG@Michigan.gov. We greatly appreciate the cooperation of all those who have filed their reports in a timely manner.

FORMER SECTION 99C FUNDS

Former Section 99c allocated funds for the middle school math initiative. No new middle school math funds were allocated for FY 2007-2008. A few districts have inquired about the use of former Section 99c funds carried over from FY 2006-2007. Please note that new language for FY 2007-2008 in Section 99c(3) states that if a district has carried forward unexpended funds received under Section 99c into FY 2007-2008, "the district may use those unexpended funds for any purpose." Therefore those funds carried into FY 2007-2008 should be considered unrestricted. To view the specific language regarding the prior Section 99c funds, go to www.Michiganlegislature.org and key in "388.1699c" when prompted for the MCL number. Questions regarding this item may be directed to Glenda Rader, Office of State Aid and School Finance, (517) 335-0524 or RaderG@Michigan.gov.

ADULT EDUCATION ADJUSTMENTS FOR FY 2006-2007

Districts that operated an adult education program in FY 2006-2007 may see two prior year adjustments for the FY 2006-2007 Section 107 Adult Education program on the January 2008 State School Aid Financial Status Report. As is described in Section 107(10)(b) of the State School Aid Act, 10% of a district's adult education allocation is based upon program participants meeting course objectives and/or completion. Adjustments for participants that did not meet course objectives are reflected on the January 2008 State School Aid Financial Status Report in the Section labeled "Prior Year Adjustments" on the line labeled "107 2007 Adult Ed Compliance." Those amounts are reductions to the district's FY 2006-2007 state school aid and are based upon information provided on the AE-4859 Section 107 Performance Report. Those recovered funds have been redistributed to districts that reported participant FTE counts in excess of their caps. FTEs above the cap are being paid out at \$252.50 per FTE. Those amounts are also reflected in the "Prior Year Adjustments" Section on the line labeled "107 2007 Adult Education Participants." Questions regarding the calculation of the adjustment may be directed to Joellen Wonsey, Office of State Aid and School Finance, (517) 373-3352, or WonseyJ@michigan.gov. Questions regarding the AE-4859 Report may be directed to Sandy Thelen, Department of Labor and Economic Growth, at (517) 373-3395 or e-mail ThelenS1@Michigan.gov.

FINANCIAL INFORMATION DATABASE (FID) CORRECTIONS

Office of State Aid and School Finance staff e-mailed various correspondences to school business managers the week of January 15, 2007 related to an analysis of the FY 2006-2007 Financial Information Database (FID) submission. The information was e-mailed to the individual who submitted the FID on behalf of the district. The correspondence requests that the individual review the data in question and either correct the FID or contact the Office of State Aid and School Finance to explain the discrepancies. Your cooperation in "cleaning up" the FY 2006-2007 FID data is very much appreciated. With questions regarding this request, contact Glenda Rader, State Aid and School Finance, (517) 335-0524, or e-mail: RaderG@Michigan.gov.

IMPORTANT DATES TO REMEMBER

- **February 1** is the due date for districts and ISDs to report to the local health department the **immunization status** of each new pupil in grades K-12 who enrolled in the district or ISD for the first time during the immediately preceding calendar year and all 6th graders, pursuant to State School Aid Act Section 167. (Patty Lawless, (517) 373-1122, LawlessP@Michigan.gov)
- **February 13** is the **supplemental count day** for all districts, ISDs, and PSAs and the 3rd quarterly count date for adult education participants. (Joellen Wonsey, (517) 373-3352, WonseyJ@Michigan.gov)

GENERAL INFORMATION

- The proration factor for Section 31a - At Risk funding is \$239.968641269 per pupil.
- The proration factor for Section 29 - Declining Enrollment .0833992733.

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