

JANUARY 11, 2010 REVENUE ESTIMATING CONFERENCE

A revenue estimating conference was held on January 11, 2010 to update revenue projections for fiscal year (FY) 2009-2010, and to make initial projections for FY 2010-2011. The revenue projection for the state school aid fund for the current fiscal year (2009-2010) has been revised to \$10,458.1 million. That represents a decrease of approximately \$105 million from the previous projection last May. The FY 2009-2010 pupil count estimate has been revised upward by 4,950 pupils from the May 2009 estimate. In FY 2010-2011 the school aid fund revenue is estimated to be \$10,480.5 million, a \$22.4 million increase from FY 2009-2010. However, with a beginning fund balance expected to be lower than in FY 2009-2010 and reduced federal stabilization fund dollars (\$450 million in FY 2009-2010, \$184 million in 2010-2011) available in 2010-2011 the projected FY 2010-2011 revenues are expected to be \$424 million less than the estimated expenditures for that year. Although no further cuts to the FY 2009-2010 state school aid are anticipated at this time (see related item below), FY 2010-2011 budget discussions will need to resolve the anticipated \$424 million shortfall. For more detailed information on the January revenue estimating conference, go to the House and/or Senate Fiscal Agency website at www.house.michigan.gov/hfa and www.senate.michigan.gov/sfa respectively.

NO PRORATION OF FY 2009-2010

The State Budget Director issued a letter to school superintendents dated January 11, 2010 stating that proration of 2009-2010 state school aid will not be necessary at this time. Based on analysis that shows the unaudited FY 2008-2009 state school aid fund ending balance to be \$134 million higher than anticipated in October, analysis that shows the anticipated FY 2009-2010 expenditures can be revised downward by \$108 million, and consensus agreements at the January revenue estimating conference (see item above), it does not appear that school aid to local districts will need to be prorated by \$127 per pupil as once forecasted. **The \$165 per pupil reduction and all other reductions contained in the FY 2009-2010 budget remain in effect.**

JANUARY PAYMENT INFORMATION

The January state school aid payment is the fourth regular payment of the 2009-2010 fiscal year. The payment will be electronically transferred to the districts' accounts on Wednesday, January 20, 2010.

Taxable value - The January payment continues to use the beginning 2009 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 2009 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.

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:

- Michigan School 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)

FY 2008-2009 SECTION 107 ADULT EDUCATION ADJUSTMENTS

Districts that operated an adult education program in FY 2008-2009 may see two prior year adjustments for the FY 2008-2009 Section 107 Adult Education program on the January 2010 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 2010 State School Aid Financial Status Report in the Section labeled "Prior Year Adjustments" on the line labeled "107 2009 Adult Ed Compliance." Those amounts are reductions

to the district's FY 2008-2009 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 \$247.75 per FTE. Those amounts are also reflected in the "Prior Year Adjustments" Section on the line labeled "107 2009 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 Energy, Labor and Economic Growth, at (517) 373-3395 or e-mail ThelenS1@Michigan.gov.

REMINDER: SERVICE CONSOLIDATION PLAN AGREEMENTS DUE FEBRUARY 1, 2010.

As discussed in the November 2009 UPDATE, new language in Section 11d of the State School Aid Act requires districts wishing flexibility in applying the \$165 per pupil cut to categorical programs to enter into an agreement with the Department to develop a service consolidation plan to reduce school operating costs that is in compliance with Department guidelines. The guidelines were disseminated to local districts and academies on November 12, 2009. The signed agreements and corresponding board resolutions are **due to the Department on February 1, 2010**. With questions regarding this item, contact Glenda Rader, State Aid and School Finance, (517) 335-0524, or e-mail: RaderG@Michigan.gov.

22E FUNDING PRORATED IN JANUARY

With the addition of a few more districts eligible for the Section 22e MBT Impact funds, the statewide amount due to the eligible districts for FY 2009-2010 now exceeds the appropriation. Eligible districts will notice the prorated allowance on their January State School Aid Financial Status Report. The proration factor will be published at the bottom of each month's UPDATE along with the Section 31a At-Risk funding proration factor and any others as applicable. To qualify for Section 22e funding a district must have local revenue per pupil greater than their per pupil foundation and receive a reduced amount of school operating tax revenue as a result of exemptions to industrial and commercial personal property. With questions regarding this item, contact Dan Hanrahan, Office of State Aid and School Finance (517) 335-0521, or e-mail: HanrahanD@Michigan.gov.

FINANCIAL INFORMATION DATABASE (FID) CORRECTIONS

The analysis of the 2008-2009 Financial Information Database submissions is close to being completed by Office of State Aid and School Finance staff. Correspondence related to that analysis will be e-mailed to school districts soon. The information will be e-mailed to the individual who submitted the FID on behalf of the district. The correspondence will request 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 2008-2009 FID data is very much appreciated. With questions regarding this item, 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 10** 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 \$277.855432961 per pupil.
- The proration factor for Section 29 - Declining Enrollment is .0769416692.
- The Proration factor for Section 22e – MBT Impact Aid is .092617

*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