

STATE SCHOOL AID UPDATE

Michigan Department of Education



JANUARY 2011

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JANUARY 14, 2011 REVENUE ESTIMATING CONFERENCE

Leaders from the House and Senate Fiscal Agencies and the State Treasurer will meet for the January Revenue Estimating Conference on January 14, 2011. The purpose of the conference is to reach a consensus on the current fiscal year revenues and the projected revenues for FY 2012. The revenue consensus reached at the conference will impact state school aid for FY 2011 and FY 2012. Information on the results of that conference will be in the February UPDATE. Information regarding the Revenue Estimating Conference can also be obtained from the House Fiscal Agency Website (www.Michigan.gov/HFA) following the conference.

JANUARY PAYMENT INFORMATION

The January state school aid payment is the fourth regular payment of the 2011 fiscal year. The payment will be electronically transferred to the districts' accounts on Thursday, January 20, 2011.

Taxable value - The January payment continues to use the beginning 2010 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 2010 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)
- Court Placed Pupils - Section 24, (Dianne Easterling - Special Education and Early Intervention Services (517) 241-1235, EasterlingD@michigan.gov)
- Pre-College Engineering - Section 65, (Joanne Mahony - Career and Technical Education - (517) 335-0405, MahonyJ@michigan.gov)
- ECIC Collaborative Grants - Section 32b, (Alissa K. Parks - Early Childhood Investment Corporation - (517) 371-9000, ext.221, Aparks@ecic4kids.org)

FY 2010 SUPPLEMENTAL SCHOOL AID ITEMS INCLUDED IN JANUARY PAYMENT

As reported in the December State School Aid UPDATE, House Bill 5887, a FY 2011 state school aid supplemental was enacted in December as P.A. 217 of 2010. P.A. 217 also includes some items that affect **FY 2010** state school aid. The following items, that are part of a \$30 million appropriation in Section 11(2) of P.A. 217 that affects FY 2010, are included in the January payment:

- Section 11(2)(a) funds that allocate \$10 million to intermediate school districts (ISDs) in an amount equal to 14.75% of their FY 2010 allocation under Section 81. These funds show up on page two of the State School Aid Financial Status Report in the section labeled "Prior Year Adjustments" on a line labeled "11.2a 2010 Sect 81 Deduct Adj."
- Section 11(2)(b) funds that allocate the amount necessary, estimated at \$10 million, to districts that receive less than \$154 per pupil under the Education Jobs Bill funding appropriated in Section 11p(2) (see related item below) in an amount equal to the difference between \$154 and the district's per pupil allocation under the Education Jobs Bill funding. These funds show up on page two of the State School Aid Financial Status Report in the section labeled "Prior Year Adjustments" on a line labeled "11.2b 2010 Per Pupil Deduct Adj."
- Section 11(2)(c) funds that allocate the balance of the \$30 million that is to be distributed on an equal per pupil basis to reduce the FY 2010 reduction under Section 11d. These funds show up on page two of the State School Aid Financial Status Report in the section labeled "Prior Year Adjustments" on a line labeled "11.2c 2010 Per Pupil Deduct Adj."

This act also appropriates an additional \$2.4 million for **FY 2010 Section 56 Special Education ISD Millage Equalization**. However, due to unforeseen circumstances we are unable to include the FY 2010 Section 56 adjustments in the January payment. They will be included in the February 2011 payment.

FY 2011 SUPPLEMENTAL SCHOOL AID ITEMS INCLUDED IN JANUARY PAYMENT

As reported in the December State School Aid UPDATE, P.A. 217 includes items that affect **FY 2011**. The act establishes a new Section 152a that appropriates \$25.6 million (\$16.19 per pupil) to reimburse school districts for the necessary costs related to the state-mandated collection, maintenance, and reporting of data to the state as required by the court in the consolidated cases known as *Adair v State of Michigan*. These funds are included in the January payment and show up on page one of the State School Aid Financial Status Report in the section labeled "Current Year Allowances" on a line labeled "152a Headlee Obligation for Data Collect." Additionally, P.A 217 calls for the per pupil deduct under Section 11d for FY 2011 to be increased from \$154 to \$170. That increase from \$154 to \$170 is reflected on page one of the January State School Aid Financial Status Report in the section labeled "Current Year Allowances" on the line labeled "11d LEA Pupil Deduct."

EDUCATION JOBS BILL FUNDS UPDATED

As reported in the December UPDATE, P.A. 217 also appropriates an additional \$246 million of Education Jobs Bill funds by increasing the appropriation in Section 11p(2) of the State School Aid Act from \$65.7 million to \$311.7 million. These funds are to be distributed to local school districts and public school academies by increasing the current Education Jobs Bill funding from a range of \$23 to \$46 per pupil to a range of \$111 to \$222 per pupil using the "2x formula" and the October 2010 pupil count. The 2x formula to be used is:

FY 2010 Foundation + \$222 – [$\$76 \times (\text{FY 2010 Foundation} - \$7,316) / \$1,284$] or \$8,600, whichever is less.

The maximum foundation for a public school academy under this calculation is \$7,787. The revised Education Jobs Bill allocations are now available in the Department's Cash Management System.

FINANCIAL INFORMATION DATABASE (FID) CORRECTIONS

The analysis of the FY 2010 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 2010 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.

ACCOUNTING FOR STATE AID REVENUES

The State Aid and School Finance Office provides account code guidance for various State Aid Revenues on its website at: http://www.michigan.gov/documents/saacct03_45776_7.pdf. The document also includes the ARRA Budget Stabilization and Education Jobs account code information. We would encourage you to print off a copy of the document for use in accounting for various state aid, ARRA Stabilization, and Education Jobs Revenue. 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 9** is the **supplemental count day** for all districts, ISDs, and PSAs and the 3rd quarterly count date for adult education participants.

GENERAL INFORMATION

- The proration factor for Section 31a - At Risk funding is \$357.379138677 per pupil.
- The proration factor for Section 29 - Declining Enrollment is .079486477.
- The proration factor for Section 56 – Spec. Ed. Millage Equalization is .9802782198

*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