

JANUARY 11, 2013 REVENUE ESTIMATING CONFERENCE

A revenue estimating conference was held on January 11, 2013 to update revenue projections for fiscal year (FY) 2013, FY 2014, and to make initial projections for FY 2015. The revenue projection for the state school aid fund for the current fiscal year (2013) has been revised to \$11,127.7 million. That represents a decrease of approximately \$41.7 million from the previous projection last May. The FY 2013 pupil count estimate has been revised downward by 4,100 pupils from the May 2012 estimate. In FY 2014 the school aid fund revenue is estimated to be \$11,432.5 million, a \$39.0 million decrease from previous projections. The pupil count is projected to decrease in FY 2014 by 5,400 pupils to 1,532,000. 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.

GOVERNOR'S FY2014 STATE BUDGET

While no one can say for certain at this time what the above numbers mean for the FY 2014 state school aid budget, one indication will come when the Governor unveils his proposed budget for FY 2014 in February. Of course, the budget cycle will then run its full course through the legislative process before enactment in appropriation bills.

JANUARY PAYMENT INFORMATION

The January state school aid payment is the fourth regular payment of the 2013 fiscal year. The payment will be electronically transferred to the districts' accounts on Tuesday, January 22, 2013.

Taxable value - The January payment continues to use the beginning 2012 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 – October 2012 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.

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:

- Math and Science Grants - Section 99, (Ruth Anne Hodges, Education Improvement and Innovation, (517) 241-2219, HodgesR3@Michigan.gov)
- Technology Infrastructure Improvement Grants - Section 22i, (Bruce Umpstead, Education Improvement and Innovation, (517) 373-3186, UmpsteadB@Michigan.gov)
- MPERS Cost Offset – Section 147a, (Glenda Rader – State Aid and School Finance (517) 335-0524, RaderG@michigan.gov)

HOUSE BILL 5267 ENACTED - AFFECTS PUPIL ACCOUNTING

House Bill 5267 was approved by the Governor on December 22, 2012 and enacted as P.A. 465 of 2012 with an effective date of December 28, 2012. Among other things, P.A. 465 amends Sections of State School Aid that affect pupil accounting. An amendment to section 25 delays the current language in section 25 that would allow a district to count a prorated share of a Full Time Equivalency (FTE) for pupils who transfer to the district after the Pupil Membership Count Day (October 3, 2012 for FY 2013) until FY 2014. A new Section 25d restores the FY 2012 language regarding Strict Discipline Academies. This language says that the state is to adjust the membership (pupil count) for pupils who transfer in to Strict Discipline Academies after the count day based on information provided by the academy.

Also, a new Section 23a authorizes Dropout Recovery Programs to count pupils pursuant to a language change in a new Section 6(4) (ff). That Section says a "pupil shall count as 1/12 of a FTE for each month that the district operating the program reports that the pupil was enrolled in the program and was in full attendance." The language further states that qualifying programs "shall report to the center the number of pupils enrolled in the program and were in full attendance for a month not later

than the tenth of the next month." Questions concerning this item may be directed to Brian Ciloski, Office of State Aid and School Finance, (517) 373-3352 or CiloskiB@Michigan.gov.

CONSOLIDATION OF SERVICES/OPERATIONS GRANTS REVIEW UPDATE

In September 2012 a memo was sent from the Department to local and intermediate school districts advising of the requirements and criteria for accessing the State School Aid Act Section 22g Consolidation of Services/Operations grant funds. As mentioned in previous UPDATES, a total of \$10 million is appropriated in FY 2013 to support districts and intermediate districts that are currently in the process of, or planning the consolidation of services and/or operations between districts, intermediate districts, or other local units of government, or the consolidation of districts or intermediate districts. Fifty-one Section 22g grant applications were received through the MEGS+ system totaling over \$25 million. These funds may be used for the reimbursement of transition costs associated with the consolidation and will be awarded based on cost savings, efficiencies, and educational benefits to the districts involved. The competitive review process for the Consolidation of Services/Operations grants was held on January 10, 2013. The analysis of the reviews is scheduled to be completed by January 31, 2013, with awards being announced the following week. Questions related to the Section 22g grant process may be directed to Chris May, Office of State Aid and School Finance at (517) 335-1263 or by e-mail at MayC@Michigan.gov.

REPORTING ON STATUS OF SERVICE CONSOLIDATION PLANS

Section 11d of the State School Aid Act (MCL 388.1611d) that required districts to submit an annual report on the district's Service Consolidation Plan was repealed for FY 2013. Districts are no longer required to submit a report on the status of the district's Service Consolidation Plan to the Department each February. The Best Practices language under Section 22f of the Act (MCL 388.1622f) was also changed for FY 2013, to no longer include the Service Consolidation Plan Annual Update as one of the Best Practice requirements. With questions regarding this item, contact Glenda Rader, Office of State Aid and School Finance, (517) 335-0524, or e-mail: RaderG@Michigan.gov.

FINANCIAL INFORMATION DATABASE (FID) CORRECTIONS

The analysis of the FY 2012 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 2012 FID data is very much appreciated. With questions regarding this item, contact Glenda Rader, Office of State Aid and School Finance, (517) 335-0524, or e-mail: RaderG@Michigan.gov.

SECTION 56 ADJUSTMENT FOR FY 2012 COMING

The Section 56 ISD Special Education Millage Equalization funds for FY 2012 were prorated to approximately 87% of each ISD's eligible amount due to the statewide eligibility exceeding the appropriation by approximately \$5.4 million. At State fiscal year end 2012, the legislature approved a transfer of funds in the amount of \$5,474,000 to increase the FY 2012 Section 56 funding to 100%. The adjustments will appear in the February school aid payment for eligible ISDs in the Prior Year Adjustment Section of the Financial Status report.

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.

GENERAL INFORMATION

- The proration factor for Section 31a - At Risk funding is \$306.8256492713 per pupil.
- The Headlee Obligation for Data Collection funds are being paid at a rate of \$24.499786384 per pupil.

*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