

STATE SCHOOL AID UPDATE

Michigan Department of Education



July 2007

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JULY PAYMENT INFORMATION

The July state school aid payment is the 10th payment of the year and reflects a cumulative 90.90% of the year's allocations for Sections 22a, 51c, and 22b as well as for most categoricals. Prior year adjustments are made at 100% in a single payment.

Taxable value – The July payment was calculated using the most recent taxable value data reported to the Department by county treasurers via the webbased 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 applicable tax year from the drop down menu. Any revisions to taxable values received prior to July 1, 2007 were incorporated into the payment calculation.

Pupil Membership – The audited February 2006 and September 2006 pupil counts submitted via the SRSD system have been used in the calculation of the July payment. For PSAs in their first or second year of operation, the February 2007 count data submitted via the SRSD are averaged with the audited September 2006 count.

SID AND REP REPORTING

Section 19(5) of the State School Aid Act requires local districts, intermediate districts and public school academies to submit their Registry of Educational Personnel (REP) data to the Center for Educational Performance and Information (CEPI) by June 30 each year. Section 19(6) of the State School Aid Act requires local districts, intermediate districts and public school academies to submit their School Infrastructure Database (SID) information to CEPI by June 30. Section 19(7) of the State School Aid Act requires the Department to withhold 5% of the total funds for which the local district, intermediate district or public school academy qualifies under the act for non-compliance with either of these reporting requirements. State aid funds are being withheld from a total of 23 entities that did not comply with either the REP or SID reporting requirement. The withheld amount will appear on the State Aid Financial Status Report as a negative under the section labeled "Current Year Allowances" on a line labeled "REP Deduct" or "SID Deduct." CEPI will reopen the REP and SID databases on July 18, 2007, to allow inputting of the data through July 24, 2007. The withheld funds will be released in the next school aid payment following compliance. Questions regarding the submission of the REP and/or SID data should be directed to the DIT Client Service Center via e-mail at help-Desk@Michigan.gov or phone at (517) 335-0505.

MPSERS CREDIT INFORMATION

Senate Bill 221 that was enacted as P.A. 6 of 2007 amends Section 147 of the State School Aid Act. The amendatory language says, in part, that the Michigan Public School Employees Retirement System (MPSERS) shall issue credits for FY 2007 to be used by local and intermediate school districts to meet their required obligations, that is, "to reduce the amount of pension contributions otherwise due from that district or intermediate district based on the original contribution rate." The language further states that the portion of the credit issued on behalf of a local district related to nonfederal wages shall be considered a payment on behalf of the district for the purposes of calculating payments made under Section 22b (Discretionary Payment) of the State School Aid Act for fiscal year 2007. The portion of the credit issued on behalf of an intermediate school district (ISD) related to nonfederal wages shall be considered a payment on behalf of the ISD for the purposes of calculating payments made under Section 81 (Intermediate District General Operations) of the State School Aid Act for fiscal year 2007. In other words, local and intermediate school districts will receive less in fiscal year 2007 state school aid and will, in turn, contribute less to the MPSERS. Consequently, local and intermediate school districts will see a negative state school aid allowance, referencing Section 147, on their July State School Aid Financial Status Report for the amount of the credit related to nonfederal salaries. As mentioned in the June State School Aid UPDATE, local and intermediate school districts may apply the credit against their MPSERS contributions beginning with the June 20, 2007 contribution. The negative allowance is being spread evenly over the June, July and August 2007 payments. Therefore, the second installment of 33% has been deducted from the July state school aid payment. However, districts should use all of the credits to offset MPSERS payments as soon as possible.

The MPSERS sent letters dated June 6, 2007 to local and intermediate school districts that provide each district's total credit. To get the breakdown of the credit between the federal and nonfederal share and to see accounting guidance related to the credit, please go to the Department's website at:

http://www.michigan.gov/mde/0,1607,7-140-6530_6605-21356--,00.html

In addition, there is a document with some frequently asked questions related to the MPSERS credit at this website that may be helpful.

The federal and nonfederal portion of each district's credit is based on federal and nonfederal salaries reported to the MPSERS for fiscal year 2006. Some districts revised their fiscal year 2006 data following the calculation of the credits. However, **the districts' credits are not being recalculated** based on the revised salary figures. That is because the federal and nonfederal portion of the credits were calculated based on a factor and to adjust one district would necessitate a revision to all the districts' credits. The credits will remain calculated based on the data certified as of the date of the June 2007 payment.

Questions related to the accounting for the MPSERS credit may be directed to Glenda Rader, Office of State Aid and School Finance, (517) 335-0524 or RaderG@Michigan.gov. For questions related to the total amount of the credit, please contact Kerrie Vanden Bosch, MPSERS, (517) 636-6104 or VandenBoschK@Michigan.gov.

POSTING OF BUDGETS TO A WEBSITE

Language in Section 18(2) of the State School Aid Act requires local districts, intermediate districts and public school academies to post their annual operating budget and subsequent amendments on their website within 30 days of being adopted by the board. The budget postings should include the General Appropriation Resolution for all funds for which the board adopts a budget. For further information regarding this requirement and the format of the budget, please see Section IV, page 7 of the Public School Accounting Manual. Questions related to the budget should be directed to Glenda Rader, Office of State Aid and School Finance, at (517) 335-0524 or by e-mail at RaderG@Michigan.gov.

INDIRECT COST RATES

Adjustment to local and intermediate school district Indirect Cost Rates were due to the Department by June 1, 2007. The process of recalculating rates is complete and final rates are available on the Department's website at http://www.michigan.gov/mde/0,1607,7-140-6530_6605-118785--,00.html. Questions related to the indirect cost rate calculations should be directed to Phil Boone, Office of State Aid and School Finance, at (517) 335-4059 or by e-mail at BooneP2@Michigan.gov.

SECTION 31A AT-RISK PROGRAM REPORTS

Local districts and public school academies receiving FY 2007 funds under Section 31a At-Risk were required to submit the FY 2007 Section 31a Program Report to the Department by July 16, 2007. If the report was not submitted by July 16th, an amount equal to the district's Section 31a August installment will be withheld from the August state aid payment. These funds will be forfeited if the report is not received by September 30, 2007. The report form is available in the Michigan Electronic Grants System (MEGS) at <http://megs.mde.state.mi.us/megs/>. Contact Judy Thelen, Office of School Improvement, Field Services Unit, at (517) 335-1266 or e-mail: ThelenJA@Michigan.gov.

GENERAL INFORMATION

- Reminder regarding form **DS-4168**, Report of Days and Clock Hours: Districts should forward this form for the school year 2006-2007 to their respective ISD by July 18, 2007. The ISD is to forward a copy to the Department by August 1.
- **Proration factors:** Section 31a – At Risk funding per pupil proration is \$206.237950597. Section 29 - Declining Enrollment proration is .0938194678. Section 56 – ISD Special Ed Millage Equalization proration is .9683194678.
- The Supplemental count (February 2007) ISD audited FTE values are due to the Center for Educational Performance and Information by July 25, 2007.

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