

NEW STATE AID MANAGEMENT SYSTEM

The Office of State Aid And School Finance and the Department of Technology, Management and Budget have completed an upgrade of the State Aid Management System used for processing state school aid payments from Microsoft FoxPro to a .Net/SQL*Server based technology. After several months of running the two systems side by side but using the FoxPro data for the monthly payment, the July payment was generated using the new system's data. While there is still some progress to be made in the development of the new system, the Department is confident that it will serve the school community well. The Office of State Aid and School Finance would like to extend a special thanks to Subhash Kamath of the Department of Technology, Management and Budget for his tremendous effort in bringing this project to a successful conclusion. This conversion is mainly transparent to the districts; however, you will note some changes to the State School Aid Financial Status Reports.

PUPIL COUNT ADJUSTMENTS DUE TO CLOSED ACADEMIES

Language in Section 6(4)(z) of the State School Aid Act, states that if a Public School Academy (PSA) was not in its first or second year of operation and closed at the end of the school year, the Supplemental (February) count for that PSA is to be given to the district(s) that enrolled the pupil in the subsequent fall for any pupil that had been counted by the PSA in the prior February. Districts that enrolled such pupils in September 2010 will see an adjustment for those pupils in the July 2011 payment. The July State School Aid Financial Status Report denotes those adjustments in the upper right hand side on the line labeled "February 2010" pupils. Questions may be directed to Karla Miller, Office of State Aid and School Finance, (517) 373-3352 or by e-mail at MillerK47@Michigan.gov.

FINANCIAL BEST PRACTICES INCENTIVE GUIDANCE

As reported in prior UPDATES (see June UPDATE), the school aid amendments for FY 2012, adopted when HB 4325 was signed by the Governor on June 21, 2011 and enacted as P.A. 62 of 2011, include a new Section 22f that allocates \$154 million to be paid out at the rate of \$100 per pupil to districts that meet at least 4 of 5 "best practices" by June 1, 2012. The best practices named are: pay no more than 90% of employee health benefits, be the policy holder of all employee health benefit packages, develop or continue service consolidation plans as described in Section 11d of the School Aid Act as in effect for FY 2011, obtain a competitive bid for a non-instructional service valued at more than \$50,000 and provide a dashboard of specific education data to parents and community members. The Department's Financial Best Practices Incentive Guidance indicating the requirements that districts must meet to qualify for the Section 22f funds is available on the Department's website at http://www.michigan.gov/mde/0,1607,7-14-6530_6605-258500--,00.html. Questions related to the best practices incentive 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.

SERVICE CONSOLIDATION PLAN AGREEMENTS

Many districts entered into agreements to develop a Service Consolidation Plan by February 1, 2010 that allowed them flexibility when applying the per pupil deduct under Section 11d in FY 2010 and FY 2011. As mentioned above, one of the five criteria for the Best Practices Incentive funds for FY 2012 is for districts that did not enter into an agreement by February 1, 2010 to do so by June 1, 2012 and for districts that did enter into an agreement by February 1, 2010 to continue to implement the plan and report to the Department the district's progress in implementing the plan not later than February 1, 2012. The Department's guidance on Service Consolidation Plans has been updated to include the Best Practices language. The guidance is available on the Department's website at http://www.michigan.gov/mde/0,1607,7-140-6530_6605-258395--,00.html. Questions related to the Service Consolidation Plans 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.

BUDGET AND SALARY /COMPENSATION TRANSPARENCY REPORTING

The Department has issued revised guidelines for posting financial data to district websites as required by Section 18(2) and 18(3) of the State School Aid Act. Pursuant to an amendment to Section 18(2) in P.A. 62 of 2011, an additional requirement related to posting a copy of medical benefit plan bids was added to the Budget and Salary Compensation Transparency reporting. The updated guidance is available on the Department's website at http://www.michigan.gov/mde/0,1607,7-140-6530_6605-159882--,00.html.

Questions related to the Budget and Salary/Compensation Transparency reporting should be directed to Jeff Kolb, Office of State Aid and School Finance, at (517) 373-1908 or by e-mail at KolbJ2@Michigan.gov.

MICHIGAN PUBLIC SCHOOL ACCOUNTING CHANGE NOTICE #19

An update to the *Michigan Public School Accounting Manual* was distributed on June 30, 2011. The changes listed in the notice are to be implemented for FY 2012 with early implementation strongly encouraged. These changes have been incorporated in to the manual and are available on the Department's website at http://www.michigan.gov/mde/0,1607,7-140-6530_6605-21321--,00.html. Questions related to the change notice 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

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 40 entities that did not comply with the SID and/or the REP 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 "SID Deduct" or "REP Deduct." CEPI reopened the two databases on July 15, 2011, to allow inputting of the data through July 19, 2011. The withheld funds will be released in the next school aid payment following compliance. Questions regarding the submission of the SID/REP data should be directed to the CEPI customer support via e-mail at cepi@michigan.gov or phone at (517) 335-0505, option 3.

SECTION 31A AT-RISK PROGRAM REPORTS

Local districts and public school academies receiving FY 2011 funds under Section 31a At-Risk are required to submit the FY 2011 Section 31a Program Report to the Department by July 15, 2011. The report form is available in the Michigan Electronic Grants System (MEGS) at <http://megs.mde.state.mi.us/megs/>. If the report is not submitted by July 15th, an amount equal to the district's Section 31a August installment will be withheld from the August state aid payment as required by language in Section 31a of the State School Aid Act. These funds will be forfeited if the report is not received by September 30, 2011. If you have questions regarding the Section 31a program and reporting requirements, please contact Michelle Patton, Section 31a Consultant, Office of Field Services, at (517) 373-6066 or PattonM@Michigan.gov. If you have MEGS related questions contact Judy Thelen, Analyst, Office of Field Services at (517) 335-1266 or e-mail at ThelenJ8@Michigan.gov.

TAXABLE VALUE SYSTEM UPDATES

The online taxable valuation collection system has been made available for county treasurers to input tax year 2011 values to be used when calculating FY 2012 State School Aid. These values are due by September 1, 2011. The URL is <http://mdoe.state.mi.us/TaxableValue>. Please encourage your treasurer to report these values if they have not already done so. To view your data click on "Public Access," and then choose your district code and the applicable tax year from the drop down menu. Questions should be directed to Phil Boone, Office of State Aid and School Finance, at (517) 335-4059 or e-mail at BooneP2@Michigan.gov.

GENERAL INFORMATION

- Reminder regarding form **DS-4168**, Report of Days and Clock Hours: Districts should forward this form for the school year 2010-2011 to their respective ISD by July 15, 2011. The ISD is to forward a copy to the Department by August 1.
- **Proration factors:** Section 31a – At Risk funding per pupil proration is \$358.433333168. Section 29 - Declining Enrollment proration is .0792042254. Section 56 - Special Ed Millage Equalization proration is .9202966518.
- The Supplemental count (February 2011) ISD audited FTE values are due to the Center for Educational Performance and Information by July 27, 2011.
- July 27, 2011 is the first Adult Education participant count date for the school year 2011-2012. These counts should be reported to CEPI with the September 2011 FTE data.
- October 5, 2011, the first Wednesday in October, is the **Pupil Membership Count Date** for FY 2011-2012.

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