

STATE SCHOOL AID UPDATE

Michigan Department of Education



June 2010

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STATE SCHOOL AID DATA UPDATED FOR JUNE

The June state school aid payment is the 9th regular payment of the year and reflects 81081% of the year's allocation for Sections 22a, 51c, and 22b as well as for most categoricals. Prior year adjustments are made at 100% in a single payment. The payment will post at the districts' banks on Monday, June 21, 2010.

Taxable value figures used to calculate the June payment represent the tax year 2009 values provided by the county treasurers via the web-based taxable valuation collection process. Any revisions to taxable values received prior to June 4, 2010 were incorporated into the payment calculation. These data can be viewed by school district personnel on the Department's website. The URL is <http://mdoe.state.mi.us/taxvalue>. County treasurers should have reported, by May 1, 2010, the taxable valuations as of the date that they settled with the local unit treasurers. Districts may want to contact their county treasurers to encourage them to report the revised values if it is apparent that they have not yet done so.

The **membership blend** used to calculate the June payment incorporated all Michigan Student Data System (MSDS) pupil (FTE) counts released to the Department as of June 4, 2010, the date the Department downloaded the pupil counts from the Center for Educational Performance and Information.

The following **categoricals** were updated in the June 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:

- Alternative Energy Grants- Section 65(4) (Donna Beltz, Career and Technical Education, (517) 373-8204, Beltz@Michigan.gov)
- Middle College Grants- Section 64 (Donna Beltz, Career and Technical Education, (517) 373-8204, Beltz@Michigan.gov)
- Great Start Readiness - Section 32d (Jan Fowler, Early Childhood and Family Services, (517) 241-4741, FowlerJ2@Michigan.gov)

SECTION 26 DEDUCTS IN JUNE PAYMENT

In addition to the items updated that are listed above, a few districts will see Section 26 deducts on their June State School Aid Financial Status Reports. They appear in the "Prior Year Adjustment" section of the report and are labeled "26 2009 Taxes Received CAV." They represent funds received from a tax increment financing authority that the district reported on the FY 2008-2009 Financial Information Database. The validity of these deducts has been verified with the districts and the appropriate superintendents have been notified that the deducts will be taken from the June payment. Questions related to these reductions should be directed to Phil Boone, Office of State Aid and School Finance, (517) 335-4059 or BooneP2@Michigan.gov.

MAY REVENUE ESTIMATING CONFERENCE

Leaders from the House and Senate Fiscal Agencies and the State Treasurer met for the May Revenue Estimating Conference on May 21, 2010. The purpose of the conference was to reach a consensus on the current fiscal year (2009-2010) revenues and the projected revenues for fiscal year 2010-2011. The new consensus estimate for fiscal year 2009-2010 school aid fund revenues is \$291.8 million higher than was agreed to in January 2010 while the estimated general fund revenues for the year have been lowered by \$243.6 million. There is some discussion to use the \$291.8 million toward the higher education budget as opposed to the K-12 budget. Projected revenue for the fiscal year 2010-2011 general fund and school aid fund are up \$442.6 million and \$83 million respectively. For more information regarding the revenue estimating conference, check the House Fiscal Agency website (www.Michigan.gov/HFA) and/or the Senate Fiscal Agency website (www.Michigan.gov/SFA).

FY 2011 SCHOOL AID

On May 26, 2010 the House passed a substitute for SB 1163 (the Senate proposal for fiscal year 2010-2011 state school aid). Please see the March State School Aid UPDATE article on SB 1163 that included a comparison to the Governor's Executive Recommendation for fiscal year 2010-2011 school aid. The House Substitute takes into consideration the projected school aid fund revenue consensus from the May 2010 Revenue Estimating Conference (see related article above). The following are some highlights of the House substitute with a comparison to the Senate version.

- The per pupil foundation grants would remain equal to the FY 2009-2010 per pupil foundation grants. However, under the House substitute the current deduction of \$165 per pupil under **Section 11d** would be reduced to \$100 based upon the revenue estimates from the May conference. Under the Senate version of SB 1163 the deduction from Section 11d would be increased to \$283.
- The House substitute would continue the **Section 29 Declining Enrollment** funding of \$20 million for districts that do not qualify for a blended pupil count exception under Section 6(4)(y). The Senate version would repeal Section 29 and eliminate the \$20 million appropriation.
- The House substitute would increase the **Section 81 General Operations** funding to Intermediate School Districts by \$8 million to \$73.4 million. The Senate version would maintain the funding at \$65.4 Million.
- The Senate version would restore in FY 2010-2011 50% of the former **Section 20j Hold Harmless** district funding that was vetoed for FY 2009-2010. The House substitute does not include any Section 20j funding.
- The House substitute would increase the funding under **Section 31a for Adolescent Health Centers** by \$1.2 million to a total of \$4.7 million. The Senate version does not include additional funding for the Adolescent Health Centers.

A key boilerplate language change in the House Substitute would limit the FTE for a pupil enrolled in a "cyber school" or a pupil enrolled in a seat time waiver program to no more than a .75 FTE. The summary provided above should not be considered a complete description of the content of the House Substitute for SB 1163. Additional information and details on this proposal can be found at www.House.Michigan.gov.

FORM DS-4168, REPORT OF DAYS AND CLOCK HOURS OF INSTRUCTION

The instructions and forms to report the number of days and clock hours of instruction provided during the 2009-2010 school year are available on the Department's website. Two copies of the completed form(s) are to be forwarded to the respective Intermediate School District (ISD) by July 17, 2010; the ISD is to forward one copy of the districts' forms to the Department by August 1. To access the forms, go to www.Michigan.gov/mde and click on "Keywords" then "State Aid Forms." Completion and submission of the DS-4168 with an indication that professional development (PD) time was counted as instructional time will serve as the required notice to the Department that the district has counted PD time as instructional time as allowed under Section 101(10) of the State School Aid Act. With questions related to the DS-4168 contact Joellen Wonsey, State Aid and School Finance, (517) 373-3352, or e-mail: WonseyJ@Michigan.gov.

SECTION 31A AT-RISK PROGRAM REPORTS DUE JULY 15, 2010

Local districts and public school academies receiving fiscal year 2009-2010 funds under Section 31a At-Risk are required to submit the fiscal year 2009-2010 Section 31a Program Report to the Department by July 15, 2010. 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 15, an amount equal to the district's Section 31a August installment will be withheld from the August 2010 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, 2010. Contact Michelle Patton, Section 31a Consultant, Office of Field Services, at (517) 373-6066 or PattonM@Michigan.gov with question regarding the Section 31a program and reporting requirements. Contact Judy Thelen, Office of Field Services, at (517) 335-1266 or ThelenJ8@Michigan.gov with MEGS related questions.

WELCOME JEFF!

The office of State Aid and School Finance is very pleased to introduce our newest staff member, Jeff Kolb, who joins us as a Financial Analyst. Jeff fills a new position in the office and will start with reviewing school districts' budgets and working closely with those that end a fiscal year in a deficit situation. Jeff comes to us from private enterprise where he had extensive experience developing and working with budgets. Jeff can be reached at (517) 373-1908 or e-mail KolbJ2@Michigan.gov.

GENERAL INFORMATION

- The **Bulletins 1011 and 1014** reflecting local school district **2008-2009** financial information are now available on the MDE website at www.Michigan.gov. Click on "Programs and Offices", then "State Aid and School Finance" then look under "Publications and Reports." With questions related to the bulletins, contact Glenda Rader, State Aid and School Finance, (517) 335-0524, or e-mail: RaderG@Michigan.gov.
- **Proration factors:** Section 31a – At-Risk funding per pupil proration is \$288.569900965. Section 29 - Declining Enrollment proration is .0747744074.

*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.