

# STATE SCHOOL AID UPDATE

Michigan Department of Education



June 2012

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## STATE SCHOOL AID DATA UPDATED FOR JUNE

**Taxable value** figures used to calculate the June payment represent the tax year 2011 values provided by the county treasurers via the web-based taxable valuation collection process. Any revisions to taxable values received prior to June 7, 2012 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/taxablevalue>. County treasurers should have reported, by May 1, 2012, the taxable valuations as of the date that they settled with the local unit treasurers. Districts may want to contact their county treasurer(s) to encourage them to report the revised values if it is apparent that they have not yet done so. The taxable value system has also been updated to allow for collection of initial tax year 2012 values. These values will be used to calculate FY 2013 state aid payments, until such time as they are updated by county treasurers' offices. These values are due September 1, 2012.

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 7, 2012, 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:

- Special Education- Section 54 (Dianne Easterling, Special Education and Early Intervention Services, (517) 241-1235, [EasterlingD@Michigan.gov](mailto:EasterlingD@Michigan.gov))
- Adult Education – Section 107 (Sandy Thelen, Workforce Development Agency, (517) 373-3395. [ThelenS@Michigan.gov](mailto:ThelenS@Michigan.gov))
- Great Start ISD - Section 32j (Cheryl Hall, Early Childhood and Family Services, (517) 241-4766, [HallC7@Michigan.gov](mailto:HallC7@Michigan.gov))
- Great Start Readiness - Section 32d (Pat Sargent, Early Childhood and Family Services, (517) 241-4741, [SargentP@Michigan.gov](mailto:SargentP@Michigan.gov))

## FY 2013 SCHOOL AID

The Omnibus Education Bill (House Bill 5372), which includes the FY 2013 school aid budget, has passed both the House and Senate and is pending presentation to the Governor at the time of this writing. The following are some highlights of the bill. However, there is always the possibility of vetoes.

- The per pupil **Foundation Grants for FY 2013** would increase to \$6,966 for any district with a FY 2012 foundation less than that amount. Districts with a FY 2012 foundation equal to or greater than \$6,966 would have per pupil foundation grants equal to their FY 2012 foundations.
- The Section 22f **Best Practices** funding would be reduced from \$154 million to \$80 million and paid at an estimated \$52 per pupil. If funds remain after distributing at the \$52 per pupil rate, the remaining funds would be distributed on a per pupil basis evenly to districts with foundation grants less than \$8,019. The best practices funding would be paid based on the requirement to meet seven of eight best practices as opposed to five of six in FY 2012. The eight best practices listed are as follows:
  - The district competitively bids at least one non-instructional service for FY 2013.
  - The district provides physical education and/or health classes that meet State Board of Education Standards.
  - The district acts as policy holder for health care benefits.
  - The district participates in schools of choice under Section 105 and/or Section 105c of the State School Aid Act.
  - The district measures student growth twice a year and reports the results to parents.
  - The district provides dual enrollment or other postsecondary learning options.
  - The district provides online or blended learning options.
  - The district provides a dashboard of financial information to parents and the community.
- A new **Section 22j** provides \$30 million for **Performance Based** funding using FY 2011 MEAP and MME data as the basis for the funding. The funds will be distributed at the rate of \$30 for each pupil in membership for districts that meet the performance standard for pupils in grades three through eight in reading, \$30 for each pupil in membership for meeting the performance standard in grades three through eight in math and \$40 for each pupil in membership for meeting the standard for pupil in grades nine through twelve.
- A new **Section 22i** would allocate \$50 million for grants to districts or intermediate districts to develop or **improve technology infrastructure necessary for the planned online growth assessments** in FY 2015.
- **Section 81 Intermediate School District (ISD) General Operations** grants are maintained at the FY 2012 level. However, an additional \$2 million is appropriated to distribute an extra 3.2% of their FY 2012 funding to ISDs that meet 4 out of 5 best practices as follows:

- o The ISD enters into a Service Consolidation Agreement with the Department that meets certain criteria.
- o The ISD has obtained competitive bids on the provision of 1 or more non-instructional services with a value of \$50,000 or more for the ISD or its constituent districts.
- o The ISD develops a technology plan on behalf of all its constituent districts that integrates technology into the classroom and prepares teachers to use digital technology.
- o The ISD provides a dashboard or report card to parents and community members that demonstrates the ISD's efforts to manage its fiscal responsibilities.
- o The ISD works in a consortium with one or more ISDs to develop information management system requirements and bid specifications that can be used as statewide models.
- A new **Section 22g** allocates \$10 million for competitive **Consolidation Innovation** grants to help defray transition costs for districts consolidating services or operations.
- The **Section 147a MPSERS Offset** funding is retained at the \$155 million level and would be distributed based on the district's prorated share of FY 2012 salaries reported to the Michigan Public School Employees Retirement Services.

A key language change in House Bill 5372 requires 1,098 hours of instruction to claim a full foundation for **kindergarten** pupils. However, districts that have used federal Title I funds to offer full day kindergarten the past two years are exempt from the 1,098 hours requirement and continue to use 549 as the required kindergarten hours. Also, an amendment to Section 25 will require FTE adjustments to foundation funding when a pupil transfers to another district after the count day.

The summary provided above should not be considered a complete description of the content of HB 5372. Additional information and details on this bill can be found at [www.michiganlegislature.org](http://www.michiganlegislature.org).

### **INDIRECT COST RATES**

Adjustments to local and intermediate school district Indirect Cost Rates were due to the Department by June 1, 2012. The process of recalculating rates is nearly complete and final rates will be available before the end of June on the Department's website at [http://www.michigan.gov/mde/0,1607,7-140-6530\\_6605-118785--,00.html](http://www.michigan.gov/mde/0,1607,7-140-6530_6605-118785--,00.html). The calculation has been changed slightly this year to allow for the exclusion of purchased service contract costs related to operations and maintenance from the restricted direct cost base. 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 e-mail at [BooneP2@Michigan.gov](mailto:BooneP2@Michigan.gov).

### **NEW OFFICE WEB ADDRESS**

The Office of State Aid and School Finance has a new address on the world wide web. You can now find our page at [www.mi.gov/sasf](http://www.mi.gov/sasf). We hope this new address will make it quicker and easier to find the information you need.

### **ELECTRONIC DAYS AND CLOCK HOURS REPORT**

Through a partnership with the Center for Educational Performance and Information (CEPI), the Office of State Aid and School Finance has been working on the development of a new electronic version of the Days and Clock Hours of Instruction Report, Form DS-4168 which is due August 1. The application will be available online, and will be a replacement for the paper method currently used to report these data. A communication on this item that the Department recently sent to schools can be viewed at [http://www.michigan.gov/documents/mde/DS4168\\_Form\\_389122\\_7.pdf](http://www.michigan.gov/documents/mde/DS4168_Form_389122_7.pdf). We will continue to update you on this transition in communications to follow. With questions related to this item, contact Brian Ciloski, State Aid and School Finance, (517) 373-3352 or email: [CiloskiB@Michigan.gov](mailto:CiloskiB@Michigan.gov).

### **SECTION 31A AT-RISK PROGRAM REPORTS DUE JULY 16, 2012**

Local districts and public school academies receiving FY 2012 funds under Section 31a At-Risk are required to submit the FY 2012 Section 31a Program Report to the Department by July 16, 2012. The report form is available in the Michigan Electronic Grants System *Plus* (MEGS+) at <http://megs.mde.state.mi.us/MEGSPLUS/>. If the report is not submitted by July 16, an amount equal to the district's Section 31a August installment will be withheld from the August 2012 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, 2012. If you have questions regarding the Section 31a program and reporting requirements, please contact your Regional Education Consultant in the Office of Field Services at (517) 373-37343. If you have MEGS+ related questions, please contact Judy Thelen, Analyst, Office of Field Services, at (517) 335-1266 or [ThelenJ8@Michigan.gov](mailto:ThelenJ8@Michigan.gov).

### **GENERAL INFORMATION**

- **Proration factors:** Section 31a – At-Risk funding per pupil proration is \$295.1924086572. Section 62 Vocational Education Millage Equalization proration is .0787730205. Section 56 Special Education Millage Equalization proration is .8790795807.

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\*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](mailto:HanrahanD@Michigan.gov).