

STATE SCHOOL AID UPDATE

Michigan Department of Education



June 2014

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STATE SCHOOL AID DATA UPDATED FOR JUNE

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:

- Bilingual Education – Section 41 (Shereen Tabrizi, Field Services, (517) 373-8897, TabriziS@Michigan.gov)
- Great Start Readiness – Section 32d (Pat Sargent, Early Childhood and Family Services, (517) 241-4741, SargentP@Michigan.gov)
- Technology Infrastructure – Section 22i (Ann Marie Smith, Education Improvement and Innovation, (517) 335-2775, SmithA24@Michigan.gov)
- Special Education – Section 54 (Dianne Easterling, Special Education, (517) 335-0459, EasterlinD@Michigan.gov)
- MPSERS Rate Stabilization – Section 147c (Glenda Rader, State Aid and School Finance, (517) 335-0521, RaderG@Michigan.gov)

FY 2015 SCHOOL AID

The Omnibus Education Bill (House Bill 5314) for FY 2015 has been passed by the legislature. It will now go to the Governor for enactment. There is always the possibility of vetoes. Following are some highlights of the bill:

- The per pupil **Foundation Grants for FY 2015** will increase by \$50. The \$50 increase will be added to the sum of the FY 2014 foundation grant plus any FY 2014 per pupil Equity Payment under Section 22c. The lowest foundation for FY 2015 will then be \$7,126 (\$7,026 + \$50 (FY 2014 Equity Payment) + \$50 (FY 2015 increase)).
- There will be a Section 22c **Equity Payment** equal to \$7,251 minus the district's FY 2015 foundation grant. For example, districts with the lowest FY 2015 foundation grant of \$7,126 will receive a per pupil equity payment of \$125 (\$7,251 - \$7,126).
- The **Section 22f Best Practices** funding will be paid at \$50 per pupil. The best practices funding will be paid based on the requirement to meet seven of nine revised best practices.
- **Section 20f** continues to appropriate \$6 million that was earmarked in FY 2014 to guarantee that the change in Foundation + Equity Payment (Section 22c) + change in MPSERS Cost Offset (Section 147a) equaled at least \$5 for every district. Districts will receive in FY 2015 the same amount of Section 20f funds per pupil that they received in FY 2014.
- **Section 22j Performance Based** funding is increased to \$51.1 million in anticipation of additional eligible districts. The funds will continue to 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 in all subjects tested for pupils in grades nine through twelve.
- For the second year in a row, the **Section 32d Great Start Readiness Program** is increased by \$65 million to provide up to 16,000 additional half-day slots for four year olds.
- **ISD General Operation** funding under **Section 81** is increased by \$3 million to \$65.1 million to provide a 4.8 percent increase. ISDs can earn an additional 3.1% if they meet 5 of the same 6 best practices as in FY 2014.
- An additional \$262.9 million is appropriated in **Section 147c** to reflect the actuarially estimated costs of the required state share of the **MPSERS Unfunded Accrued Liability (UAL)** and maintain the UAL cap at 20.96%.

New Programs include:

Section 95a - \$14.8 million for **Educator Evaluations** (provided HB 5223 and HB 5224 are enacted),
Section 11r - \$4 million for **District Fiscal Emergency** funds, Section 64b - \$1.8 million **Dual Enrollment Incentive** funds and Section 74a - \$3 million for **School Bus Natural Gas Conversion** funds.

Boilerplate Changes include:

Effective 2014-15, audited financial information will be due on October 15 instead of November 15. Audited information for the school year ending June 30, 2014 remains November 15, 2014. **NOTE:** Districts not meeting the November 15, 2014 deadline will have school aid withheld beginning with the November 20, 2014 payment until the audited information is received.

The time a district has to post budget information is reduced from 30 to 15 days.

The minimum day requirement will increase from 175 to 180 days beginning in 2016-17.

The summary provided above should not be considered a complete description of the content of HB 5314. Additional information and details on this bill can be found at www.michiganlegislature.org.

INDIRECT COST RATES

Adjustments to local and intermediate school district Indirect Cost Rates were due to the Department by June 1, 2014. 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. 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.

DAYS AND CLOCK HOURS REPORTING

Deadlines: The district deadline for submitting the DS-4168 Report of Days and Clock Hours of Instruction for the 2013-14 school year is **July 15, 2014**. Intermediate districts will have until August 1, 2014 to certify the district data for submission to the Department as required under Section 101(3) of the State School Aid Act. Districts are encouraged to submit their days and clock hours report to the ISD early where possible to allow for adequate time to review and correct issues with the submission.

Reporting: The days and hours reporting has been integrated into the Educational Entity Master (EEM) system, and is accessible through the 'Days and Clock Hours' application link in the left navigation. After clicking on the link, users will select 'Data Submission' to start their report for the year. A User Guide for the application is available to assist users with the reporting process. That guide is available at: http://mi.gov/documents/mde/DCH_Application_User_Guide_391892_7.pdf.

Note: The 'Days and Clock Hours' application requires specialized credentials to access the system. If the 'Days and Clock Hours' application link does not appear in the left navigation after logging into the EEM, please contact CEPI for assistance in gaining access to the application. Questions regarding the Days/Clock Hours application should be directed to CEPI Support at CEPI@Michigan.gov.

DEFICIT DISTRICT INFORMATION

Deficit Elimination Plans for districts or academies incurring a negative general fund balance as of June 30, 2014 or whose Board has adopted a 2014-2015 deficit budget are due to the Department 30 days after the local school board adopts the budget or 30 days after the state school aid budget is enacted, whichever is later. Districts having incurred a negative general fund balance as of June 30, 2014 should contact the Office of State Aid and School Finance as soon as possible to begin planning their Deficit Elimination Plan submissions, if they have not already done so. Current Deficit Elimination Plan forms are available on the Department's website at: http://www.michigan.gov/mde/0,1607,7-140-6530_6605-106599--,00.html. Questions related to a Deficit Elimination Plan 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 or Chad Urchike at (517) 335-1261 or UrchikeC1@Michigan.gov.

SECTION 31A AT-RISK PROGRAM REPORTS DUE JULY 15, 2014

Local districts and public school academies receiving FY 2014 funds under Section 31a At-Risk are required to submit the FY 2014 Section 31a Program Report to the Department by **July 15, 2014**. The report form is available in the Michigan Electronic Grants System *Plus* (MEGS+) at <https://mdoe.state.mi.us/MEGSPPLUS/>. 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 2014 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, 2014. If you have questions regarding the Section 31a program and reporting requirements, please contact Lee Craft, Section 31a Consultant, Office of Field Services at (517) 373-6066. If you have MEGS+ related questions, please contact Judy Thelen, Analyst, Office of Field Services, at (517) 335-1266 or ThelenJ8@Michigan.gov.

GENERAL INFORMATION

- **Proration factors:** Section 31a – At-Risk funding per pupil proration is \$310.9182569027.
- The Section 22j Performance Based Funding proration factor is .9987537125
- The Headlee Obligation for Data Collection funds are being paid at \$24.7424024244 per pupil.

*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.