STATE SCHOOL AID UPDATE
Michigan Department of Education

MICHIGAN Department of Education

JUNE 2016
Vol. 24 No. 9

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:

- Educator/Administrator Evaluation - Section 95a (Sean Hennika, Education Improvement and Innovation, 517-373-4231, HennikaS1@Michigan.gov)
- Educator Evaluation ISD Regional - Section 95a (Sean Hennika, Education Improvement and Innovation, 517-373-4231, HennikaS1@Michigan.gov)
- Financial Analytical Tools - Section 102d (Jeff Kolb, State Aid and School Finance, 517-373-1908, KolbJ2@Michigan.gov)

FY 2017 SCHOOL AID

The Omnibus Education Bill (Senate Bill 801) for FY 2017 has been passed by the legislature. It has been presented to the Governor for signature. There is always the possibility of vetoes. Following are some highlights of the bill:

- The per pupil **Foundation Grants for FY 2017** will increase by a range of $60 to $120 using the "2X formula." The increase will be added to the FY 2016 foundation grant resulting in the lowest foundation for FY 2017 being $7,511 and the maximum state guaranteed foundation being $8,229.
- A **new Section 20m** would provide hold harmless districts with the difference in per pupil funding between $60 and the increase in their foundation which is limited to the rate of inflation (.1% in this case).
- The **Pupil Membership Blend** will remain at 90% of the current school year October count and 10% of the prior school year February count.
- The Section 31a **At-Risk** funding is maintained at $389,685,500.
- The per pupil funding under **Sections 20f(2) and 20f(4)** will be equal to the per pupil funding under those Sections in 2015-16.
- **ISD General Operation** funding under **Section 81** will remain at $67.1 million.
- An additional $90 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 21g - $500,000 for Competency Based Funding Pilot
- Section 31b - $1.5 million for Year-Round School Initiative
- Section 31j - $250,000 for Local Produce in School Meals Program
- Section 54b - $1.1 million for Integrated Behavior and Learning Support (MiBLSI)
- Section 61c - $3.2 million for CTE Equipment Upgrades

Boilerplate Changes include:

Section 18 has been amended to require that the FID data and audited financial statements must be consistent or school aid must be withheld.

Sections 6(4) and 25e have been amended to restrict districts from counting a prorated FTE for pupils who transfer from a district/academy that counted the pupil on the October pupil count day to another district/academy prior to the February count day. Beginning in 2016-17 only strict discipline academies will be allowed to count a prorated FTE in these cases.

Section 51a(15) has been amended to state that there will be a 10% state school aid penalty for a district or ISD that does not comply with the language in Section 51a(14) that requires the pupil's resident district and/or ISD to provide special education services and cover special education added costs for pupils educated in a Public School Academy who reside outside of the ISD in which the academy is located.

The **Section 101 Instructional Day** requirement will go from a minimum of 175 days to a minimum of 180 days beginning with the 2016-17 school year.

The summary provided above should not be considered a complete description of the content of Senate Bill 801. Additional information and details on this bill can be found here.

INDIRECT COST RATES

Adjustments to local and intermediate school district Indirect Cost Rates were due to the Department by June 1, 2016. The process of recalculating rates is complete and final rates are available on the Department's website here. 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 2015-16 school year is **July 15, 2016**. Intermediate districts will have until August 1, 2016 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 here.

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.

INTERMEDIATE SCHOOL DISTRICT FINANCIAL REPORTING

Intermediate School Districts (ISDs) are required to post certain information on their website to comply with Budget Transparency legislation in Section 18 of the State School Aid Act (MCL 388.1618). Specifically, they are required to post information found in Subsections 2a, 2bi, and 2c. As a reminder, there were three new data elements added to Subsection 2c in 2015-16. Information on all of the required data elements may be found on our website by clicking here.

In addition to the above, ISDs must also post an Annual Website Report on their website (MCL 380.620). This report must be posted by December 31 of each year and include data from the most recently completed fiscal year. For state wide consistency, the Department recommends providing a link to the Annual Website Report at the bottom of your Budget Transparency web page. Additional information about the Annual Website Report may be found on our website by clicking here.

Questions related to Budget Transparency and the Annual Website Report may be directed to Chad Urchike at UrchikeC1@Michigan.gov or 517-335-1261.

SECTION 31A AT-RISK PROGRAM REPORTS DUE JULY 15, 2016

Local districts and public school academies receiving FY 2016 funds under Section 31a At-Risk are required to submit the FY 2016 Section 31a Program Report to the Department by **July 15, 2016**. The report form is available in the Michigan Electronic Grants System *Plus* (MEGS+) located here. 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 2016 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, 2016. 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 $186.7711671756.
- The Section 22d(4) Isolated District funds are being paid at $44.1711836319 per pupil.
- The Headlee Obligation for Data Collection funds are being paid at $25.1814199694 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.