

STATE SCHOOL AID UPDATE

Michigan Department of Education



March 2008

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STATE SCHOOL AID DATA UPDATED FOR MARCH

The March state school aid payment is the 6th regular payment of the year and reflects 54.54% 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 Thursday, March 20, 2007.

Taxable value figures used to calculate the March payment represent the tax year 2007 values provided by the county treasurers via the web-based taxable valuation collection process. Any revisions to taxable values received prior to February 28, 2008 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>. To view your data click on "Public Access," and then choose your district code and the appropriate tax year from the drop down menus.

Now that the taxable valuation collection process is web-based, county treasurers can make revisions to the reported values at any time. At a minimum, we request that they revise the values on the same schedule that values were reported to the Department under the paper collection process (DS-4410). That means that county treasurers should report the taxable valuations as of the date that they settled with the local unit treasurers on or before May 1, 2008. Letters to the treasurers requesting that they report those values, if they haven't already reported, will be sent to the treasurers soon. The settlement numbers will have value changes from the July and December Boards of Review as well as any other changes since the fourth Monday in May 2007. Districts may want to contact their county treasurers as well to encourage them to report the revised values.

The membership blend used to calculate the March payment incorporated all Single Record Student Database (SRSD) pupil (FTE) counts released to the Department as of February 28, 2008, the date the Department downloaded the pupil counts from the Center for Educational Performance and Information. The membership blend for most districts and public school academies (PSAs) for FY2008 is 25% of the February 14, 2007 supplemental count and 75% of the September 26, 2007 pupil count. All of the February 14, 2007 count data are audited. Most of the September 27, 2007 count data are audited as well as the due date for the September 27, 2007 count audits was March 12, 2007.

FY 2009 SCHOOL AID

In the February State School Aid UPDATE we summarized the Governor's state school aid Executive Budget Recommendation for FY 2009 that was presented on February 7, 2008. On Tuesday, March 11, 2008 the Senate subcommittee on K-12 appropriations unanimously approved their version of FY 2009 state school aid, Senate Bill 1107. The following are some key points of SB 1107 with a comparison to the Governor's Executive Recommendation for FY 2009 school aid where applicable. See the February 2008 State School Aid UPDATE for more detail on the Governor's Executive Recommendation.

- The minimum foundation grant in FY 2009 would be \$7,344 under the Senate bill, an increase of \$140 above the FY 2008 minimum foundation of \$7,204. The minimum under the Executive Recommendation would be \$7,420. The sliding scale foundation allowance increase for districts with a FY 2008 foundation between 7,204 and \$8433 (and above) would be \$216 to \$108 under the Governor's proposal and from \$140 to \$70 under the Senate's proposal. The Senate proposes a new **Section 20(23)** that

would provide a **cost of living adjustment** each year to district's with a foundation allowance at or above the basic foundation (\$8,433 in FY 2008). The FY 2008 cost of living adjustment would be \$40 per pupil.

- The new language in the Executive Recommendation that would require a district to offer all four high school grades in order to receive the full foundation allowance increase is not included in SB 1107.
- The **new Section 11n** from the Executive recommendation that would allocate funds for the **21st Century Schools fund** to replace large, low achieving high schools with smaller, more personal ones is changed in SB 1107 to allocate funds for **infrastructure grants** on a per-pupil basis that could be used to pay down existing debt, pay for immediate building repairs or be deposited into a sinking fund.
- SB 1107 increases the **Michigan School Readiness Program (Section 32d)** by approximately \$4.7 million over what is currently enacted. The Governor's proposal would increase it by approximately \$22 million.
- **ISD General Operations (Section 81)** funding would increase by \$900,000 under SB 1107 and \$2.9 million (including \$1.9 million in competitive grants) under the Executive Recommendation
- **Declining Enrollment (Section 29)** funding would decrease by \$5 million (from \$20 million to \$15 million) under SB 1107. The Governor's proposal maintains the funding at \$20 million.

Key boilerplate language in the Governor's proposal that would require a kindergarten pupil to receive 1,098 hours of pupil instruction in order to generate a full foundation grant beginning in FY 2010 is not included in SB1107.

The summary provided above should not be considered a complete description of the content of the executive proposal or the Senate substitute. Also, please be advised that changes are likely as the budget makes its way through the legislative process. Additional information and details on these proposals can be found at www.Michigan.gov/budget and www.senate.Michigan.gov

INDIRECT COST INFORMATION

The Office of State Aid and School Finance will soon be posting the preliminary 2008-2009 Indirect Cost Rates on our website at http://www.michigan.gov/mde/0,1607,7-140-6530_6605-118785--,00.html. Once they are available on the website, we will send an e-mail related to the process districts should use to appropriately adjust those rates. The e-mail will be sent to both superintendents and business managers of each public school. Questions related to the process should be addressed to Phil Boone at boonep2@michigan.gov or (517) 335-4059.

GENERAL INFORMATION

- The 4th quarterly count date for **Adult Education** program participants is the 4th Wednesday in April, **April 23, 2008**.
 - **Single Record Student Database files** for the Supplemental count are due to the **ISD by March 19** and to **CEPI by April 2, 2008**. Trina Anderson, CEPI, (517) 241-3432, AndersonT1@Michigan.gov.
 - The **DS-4168B Planned Days and Clock Hours Report** is due April 15, 2008. The report is available on line at www.Michigan.gov/mde. Click on "keywords" then "State Aid Forms." Joellen Wonsey, (517) 373-3352 or WonseyJ@Michigan.gov.
 - The per pupil proration factor for the Section 31a – At Risk funding is \$241.094431201.
 - The proration factor for the Section 29 – Declining Enrollment funding is .0832299062.
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Do you have questions about the information appearing in the UPDATE? Call the consultants identified above or **Dan Hanrahan, Director, State Aid & School Finance, MDE**, phone: **517-335-0521**, fax: **(517) 241-0196**, e-mail: HanrahanD@Michigan.gov.