

# STATE SCHOOL AID UPDATE

Michigan Department of Education



March 2011

Vol. 19 No. 6

## **MARCH PAYMENT INFORMATION**

The March state school aid payment is the sixth regular payment of the 2011 fiscal year. The payment will be electronically transferred to the districts' accounts on Monday, March 21, 2011.

**Taxable value** - The March payment continues to use the beginning 2010 tax roll non-homestead taxable value data, as provided by the county treasurers via the web based taxable valuation collection process. 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.

**Pupil membership** - September 2010 unaudited pupil count data were used in the calculation of the blended membership count for the March payment used to calculate the **Section 20 Foundation** allowances as well as the **Section 29 Declining Enrollment** allowances.

**Updated categoricals** - The following categoricals were updated in the March 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:

- Great Start Readiness Program- Section 32d (Blanche Deren, Early Childhood Education and Family Services, (517) 241-4289, [DerenB@Michigan.gov](mailto:DerenB@Michigan.gov))
- ISD Great Start - Section 32j, (Colleen O'Connor, Early Childhood Education and Family Services, (517) 241-4291, [OconnorC1@Michigan.gov](mailto:OconnorC1@Michigan.gov))
- Renaissance Zone – Section 26a, (Howard Heideman – Treasury, Office of Revenue and Tax Analysis, (517) 373-9002, [HeidemanH@Michigan.gov](mailto:HeidemanH@Michigan.gov))
- Discretionary Payment Adjustment – Section 22b, (Dan Hanrahan, Office of State Aid and School Finance, (517) 335-0521, [HanrahanD@Michigan.gov](mailto:HanrahanD@Michigan.gov) see related item below)

## **SECTION 22B DISCRETIONARY PAYMENT ADJUSTMENT/ARRA FUNDS**

The Section 22b Discretionary Payment Adjustments showing on the first page of the State School Aid Financial Status Reports were recalculated in the February 2011 state school aid payment. This is the amount of the FY 2011 school aid allocation for each district that is offset with federal American Recovery and Reinvestment Act (ARRA) funds. The ARRA funds are awarded in the Michigan Education Grants System (MEGS) and drawn through the Department's Cash Management System (CMS). The intent of the Discretionary Payment Adjustment recalculation in February was to better align the adjustment with the most recent amount of Section 22b Discretionary Payment funds that the district has earned through the January payment and to update the ARRA allocations in MEGS. However, The Office of State Aid and School Finance subsequently learned that many districts had already final reported their ARRA funds in the MEGS system prior to the February school aid payment at the amount of ARRA funds that matched the Section 22b Discretionary Payment Adjustments showing on the first page of the State School Aid Financial Status Reports for January 2011. Therefore, a decision was made to restore the Section 22b Discretionary Payment Adjustments in the state aid system to the January 2011 values and not recalculate them again. Consequently, some districts may see a Section 22b Discretionary Payment Adjustment that exceeds the amount of their Section 22b Discretionary Funds. However, it is felt that since the Discretionary Payment Adjustment is offset dollar for dollar with the ARRA funds it is less burdensome to allow that situation than to have districts re-open, re-code and re-report their ARRA funds.

## **MICHIGAN BUSINESS TAX IMPACT AID**

Districts receiving the Section 22e Michigan Business Tax Impact on Out-of-Formula District funds will see an adjustment in their allocation this month. This adjustment is to reverse an adjustment that was made inadvertently in the February payment. Questions concerning this item may be directed to Dan Hanrahan, Office of State Aid and School Finance, (517) 335-0521 or [HanrahanD@Michigan.gov](mailto:HanrahanD@Michigan.gov).

## **FY 2011 DAYS AND HOURS REQUIREMENT**

The Department has received several inquires regarding the interpretation of Section 101(3)(a) of the State School Aid Act (MCL 388.1701) which reads, "(a) Except as otherwise provided in this section, each district shall provide at least 1,098 hours and, beginning in 2010-2011, the required minimum

number of days of pupil instruction. For 2010-2011 and for 2011-2012, the required minimum number of days of pupil instruction is 165...However, beginning in 2010-2011, a district shall not provide fewer days of instruction than the district provided for 2009-2010..." Guidance was sent out on March 3, 2011 to clarify the interpretation of the Section 101(3)(a) language. The Department's guidance is that the number of days provided in 2009-2010 is the number of days that the district actually was in session plus any forgiven days that the district needed to reach the 1,098 hour requirement. For example, if a district scheduled 171 days in 2009-2010 and cancelled five (5) days due to inclement weather, but needed two (2) of those five (5) days to reach 1,098 hours in 2009-2010, the district's requirement for 2010-2011 would be to provide 168 (171 - 5 + 2) days. The official Department communication can be viewed at [http://www.michigan.gov/documents/mde/Days\\_of\\_Instruction\\_346913\\_7.pdf](http://www.michigan.gov/documents/mde/Days_of_Instruction_346913_7.pdf). Similar guidance regarding Early Childhood Special Education programs will be issued with the March 17, 2011 MDE Communication.

### **LONGITUDINAL DATA SYSTEM FUNDS**

Section 94a of the State School Aid Act contains language that states if the Department receives notice that it has not been awarded a competitive grant from the federal incentive grant program known as the "Race to the Top" grant program then there is appropriated \$8.4 million to support the efforts of districts to match individual teacher and student records. In the February UPDATE, we wrote that "it is our understanding that the funds will begin to be distributed with the March 2011 payment." However, the details to distribute these funds were not worked out until after the Match payment was finalized and processed through the state's accounting system. Therefore, the funds will be distributed beginning with the April payment. The April payment will include seven-elevenths of the annual allocation to each district. The remaining payments of May through August will include one-eleventh each.

### **INDIRECT COST INFORMATION**

The Office of State Aid and School Finance will soon be posting the preliminary FY 2012 Indirect Cost Rates on our 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). Once the rates 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 district. Questions related to the process should be addressed to Phil Boone at [boonep2@michigan.gov](mailto:boonep2@michigan.gov) or (517) 335-4059.

### **SECTION 25C ADJUSTMENTS**

Section 25c of the State School Aid Act allows a "district of the first class" to bill a local district or public school academy (PSA) for pupils that transfer to the district of the first class after the pupil membership count day. The Section 25c language requires the Department to deduct the amount of the bill that remains unpaid after a certain date from the remaining state school aid payments of the district or PSA from which the pupil transferred and pay the amount to the district of the first class. The Department will process the school aid adjustments in the April 2011 payment for any unpaid pupil transfer bills for pupils that transferred during FY 2008-2009. Questions concerning this item may be directed to Dan Hanrahan, Office of State Aid and School Finance, (517) 335-0521 or [HanrahanD@Michigan.gov](mailto:HanrahanD@Michigan.gov).

### **IMPORTANT DATES TO REMEMBER**

- The 4<sup>th</sup> quarterly count date for **Adult Education** program participants is the 4<sup>th</sup> Wednesday in April, **April 27, 2011**.
- **Michigan Student Data System files** for the February 2011 Supplemental count as well as the audit data from the September 29, 2010 count were due to **CEPI by March 16, 2011**. Trina Anderson, CEPI, (517) 241-3432, [AndersonT1@Michigan.gov](mailto:AndersonT1@Michigan.gov).
- The **DS-4168B Planned Days and Clock Hours Report** is due April 15, 2009. The report is available on line at [www.Michigan.gov/mde](http://www.Michigan.gov/mde). Click on "keywords" then "State Aid Forms."

### **GENERAL INFORMATION**

- The proration factor for Section 31a - At Risk funding is \$357.400001376 per pupil.
- The proration factor for Section 29 - Declining Enrollment is .0793953747.
- The proration factor for Section 56 - Spec. Ed. Millage Equalization is .9721221693.

---

\*Do you have questions about the information appearing in this UPDATE? Call the consultant identified above or **Dan Hanrahan, Director of State Aid and School Finance, MDE**, phone: **(517) 335-0521**, fax: **(517) 241-0196**, e-mail: [HanrahanD@michigan.gov](mailto:HanrahanD@michigan.gov)