

STATE SCHOOL AID UPDATE

Michigan Department of Education



March 2015

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MARCH PAYMENT INFORMATION

The March state school aid payment is the sixth regular payment of the 2015 fiscal year. The payment will be electronically transferred to the districts' accounts on Friday, March 20, 2015.

Taxable value - The March payment continues to use the beginning 2014 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: <https://mdoe.state.mi.us/TaxableValue/>. 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 - October 2014 pupil count data (audited for most districts) and unaudited February 2015 pupil counts were used in the calculation of the blended membership count for the March payment used to calculate the **Section 20 Foundation** 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:

- School for Deaf Tuition Deducts - Section 51a (Dianne Easterling, Special Education, (517) 241-1235, EasterlingD@Michigan.gov)
- Special Education - Section 54 (Dianne Easterling, Special Education, (517) 241-1235, EasterlingD@Michigan.gov)
- Great Start Readiness - Section 32d, (Jan Fowler, Early Childhood, (517) 241-4741, FowlerJ2@Michigan.gov)

FY 2014 SCHOOL AID SHORT TERM ADJUSTMENTS

The Department has completed its review of the 2013-2014 Days and Hours of Instruction Reports. As a result, some districts will be receiving school aid adjustments for that year based on not meeting the required number of days or hours of instruction. Districts were notified of the pending adjustments the week of February 22, 2015. The adjustments have been processed in the March payment. They appear on the March State Aid Financial Status Report in the "Prior Year Adjustment" section on a line labeled "2014 Short Term." If you have any questions or concerns related to these adjustments, please contact Brian Ciloski, (517) 373-3352, or CiloskiB@Michigan.gov.

STATE SCHOOL AID SUPPLEMENTAL ENACTED BY HOUSE

House Bill 4110, a fiscal year (FY) 2015 negative state school aid supplemental, was passed by the House and Senate and signed by the Governor on March 10, 2015. It has been enacted as 2015 PA 5. In addition to adjusting current year school aid appropriations due to revised taxable valuation estimates, special education cost estimates, and projected pupil counts agreed to at the January Consensus Revenue Estimating Conference, HB 4110 amends certain other sections of the State School Aid Act. Some highlights of those changes follow:

- An amendment to **Section 147d** would reduce the appropriation in that Section by \$88.4 million. The Section 147d funds, intended to be an extra payment towards the MPSERS unfunded accrued liability, is therefore reduced to the amount of the funds (\$19.6 million) distributed in the November state school aid payment. No further Section 147d funds will be paid in FY 2015 (see related item below).
- Repeals the **Section 31g** \$1.2 million Nutrition Education Software Platform funds.
- A key change to boilerplate language in the act changes the due date in State School Aid Act Section 18 of November 15 for such items as the ISD and local district annual financial audit, ISD pupil membership audit reports, and the annual comprehensive financial data (FID) to November 1. This change takes effect with the reports due November 1, 2015.

The summary above should not be considered a complete description of the content of HB 4110.

Additional information and details on this bill can be found at www.michiganlegislature.org.

SECTION 147D ONE-TIME MPSERS LIABILITY PREPAYMENT

As mentioned above, the Section 147d One-Time MPSERS Liability Prepayment funding has been reduced by 2015 PA 5 to the amount that was distributed statewide in the November 20, 2014 state school aid

payment. Districts that are expensing the Total Rate as provided initially by the Office of Retirement Services (ORS) which includes the One-Time MPERS Liability should discontinue expensing it. Also, districts should reverse any accrual/expense greater than the amount the district received for the Section 147d funds in the November 2014 payment, which is also now the amount that appears on the March 2015 State Aid Financial Status Report on the line labeled "147d MPERS ONE TIME LIABILITY PMT" under the column labeled "Amount."

For federal grants that were charged the Total Rate, you will need to determine how much the district may have "over-requested" for current year payroll and do the following:

- Make a journal entry to remove these expenditures from your federal grant codes (debit liability and credit expenditure).
- Adjust your grant drawdown request in the next period to incorporate the amounts you may have over-requested. This should not be a finding for federal program testing as districts were not informed of any changes until March 2015. However, if not corrected now it could be an audit issue later.
- Be sure that any 2014-15 budget amendments reduce the revenue for Section 147d funds to the amount received in November 2014 and reduce the related expenditure as well.

It is our understanding that ORS will publish revised current year employer contribution rates for 2014-15 as result of changes due to 2015 PA 5. Also, look for revised guidance on the Department's website.

BULLETINS 1011 AND 1014

The Office of State Aid and School Finance has completed a review of the 2013-14 Financial Information Database (FID) data submitted by each Michigan public school district in accordance with MCL 388.1618(5). These data have been compiled and published in the 2013-14 Bulletin 1011- Analysis of Michigan Public School Districts Revenue and Expenditures and the 2013-14 Bulletin 1014- Michigan Public School Districts Ranked by Selected Financial Data. The Bulletin 1014 contains various pieces of financial information about Michigan public schools including revenue and expenditure per pupil. It also includes the fall pupil count, average teacher salary, and taxable value information. The Bulletin 1011 is a financial report that groups districts by size of pupil membership. It contains various pieces of financial information about groups of Michigan Public Schools including balance sheet, revenue and expenditure data. It also includes the fall pupil count and average teacher salary for those groups.

The 2014 National Public Education Finance Survey (NPEFS) is also available. Financial information contained in this survey is reported to the US Bureau of Census each year. The file contains both individual district and statewide totals for various categories of revenues and expenditures. Questions related to the Bulletins or the NPEFS may be directed to Christopher May at (517) 335-1263 or MayC@michigan.gov.

NEW BUDGET TRANSPARENCY REQUIREMENTS

PA 476 of 2014 (Senate Bill 80) included new data elements that are required to be posted on your Budget Transparency web page. As the Department had completed a substantial number of compliance reviews before the legislation was finalized, we will not be looking for these new elements in 2014-15. They will be incorporated into our next Budget Transparency guidance update, which should be available in July 2015.

IMPORTANT DATES TO REMEMBER

- The 4th quarterly count date for **Adult Education** program participants is the 4th Wednesday in April, **April 22, 2015**.
- **March 18, 2015**, is the deadline for ISDs to submit to the Center for Educational Performance and Information (CEPI) the **Audited FTE Counts** for the October 2, 2014, pupil membership count day.
- February 11 was the FY 2015 **Supplemental count** date. The Michigan Student Data System (MSDS) records for the Supplemental count date are due to the CEPI by **March 18, 2015**, and are to be certified by **March 25, 2015**.

GENERAL INFORMATION

- The proration factor for Section 31a - At Risk funding is \$317.6811988798 per pupil.
- The Headlee Obligation for Data Collection funds are being paid at a rate of \$24.9618981345 per pupil.
- The proration factor for Section 22j - Performance Funding is .9969531356.

*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