

**SENATE BILL 221 AFFECTS MAY PAYMENTS**

Senate Bill 221 was signed by the Governor on April 30, 2007 and was enacted as Public Act 6 (P.A. 6) of 2007. Among other things, P.A. 6 changes the state school aid payment schedule in Section 17b of the State School Aid Act such that if the 20<sup>th</sup> of a month falls on a non-business day the payment will be made on the next business day. **This changes the May 2007 state aid payment date from Friday, May 18 to Monday, May 21.** Also, there is language in P.A. 6 which amends Section 11g of the State School Aid Act to say that if the Michigan Municipal Bond Authority (MMBA) notifies the state treasurer before May 15, 2007 that it has restructured debt service on bonds issued by districts and intermediate districts under Section 11i, there will be no debt service payment on May 15, 2007 and May 15, 2008. We have been notified that those bonds have been restructured and, therefore, **no May 15, debt service payments were made** on behalf of approximately 450 school districts that chose to bond for one-half of their *Durant* litigation related settlement and received those funds up-front back in 1998. A revised debt service schedule for these *Durant* litigation related bonds is available on the Department's website at [www.michigan.gov/mde/0,1607,7-140-6530\\_6605-22009--,00.html](http://www.michigan.gov/mde/0,1607,7-140-6530_6605-22009--,00.html). Two years have been added to the debt service schedule which extends the payments through May 15, 2015. Questions related to the debt service schedules should be directed to the MMBA, (517) 373-1728 or [treasmmba@Michigan.gov](mailto:treasmmba@Michigan.gov).

**STATE SCHOOL AID PRORATION**

In a letter dated April 30, 2007 to Ron Jelinek, Chair, Senate Appropriations Committee and George Cushingberry, Chair, House Appropriations Committee, State Budget Director Robert Emerson advised that he has been officially notified by State Treasurer Robert Kleine that fiscal year 2007 revenues will be insufficient to support the state school aid appropriations. Pursuant to Section 11(3) of the State School Aid Act, Mr. Emerson has advised that school aid payments will be prorated beginning in June unless the legislature takes action within 30 calendar days or 6 legislative session days (whichever is longer) to prevent the proration. The letter further advises that the estimated proration would be approximately \$122 per pupil to local districts and public school academies. Payments to intermediate districts would be reduced on a percentage basis by approximately \$8 million and to non-school entities by approximately \$1 million. The actual figures should be known shortly after the May 18, 2007 Revenue Estimating Conference (see related item below).

**STATE SCHOOL AID DATA UPDATED FOR MAY**

The May state school aid payment is the 8<sup>th</sup> payment of the year and reflects 72.72% 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 Monday, May 21, 2007.

**Updated categoricals** for the May payment include:

- **Bilingual Program Grants** – Section 41 (Field Services, (517) 373-3921)

- **Advanced and Accelerated Grants** – Section 57 (Sam Sinicroppi, School Improvement, (517) 241-1162, [SinicroppiS@Michigan.gov](mailto:SinicroppiS@Michigan.gov))
- **School Lunch Program** – Section 31d (Dawn Harris, Grants Coordination and School Support Services, (517) 373-4335, [HarrisDM@Michigan.gov](mailto:HarrisDM@Michigan.gov))

### **MAY REVENUE ESTIMATING CONFERENCE**

Leaders from the House and Senate Fiscal Agencies and the State Treasurer will meet for the May Revenue Estimating Conference on May 18, 2007. The purpose of the conference is to reach a consensus on the current fiscal year revenues and the projected revenues for fiscal year 2007-2008. Information on the results of that conference will be in the June UPDATE. For more timely information regarding the revenue estimating conference, check the House Fiscal Agency website ([www.Michigan.gov/HFA](http://www.Michigan.gov/HFA)) following the conference.

### **OFFICE OF STATE AID AND SCHOOL FINANCE UPDATED WEBSITE INFORMATION**

The Office of State Aid and School Finance website has been updated to include a spreadsheet that may be used to assist districts in the calculation of current year State School Aid under Section 20. Also, the pages related to prior year adjustment calculations have been moved. Both the current year calculation spreadsheet and the prior year adjustment calculation information may now be found at: [www.michigan.gov/mde/0,1607,7-140-6530\\_6605-166291--,00.html](http://www.michigan.gov/mde/0,1607,7-140-6530_6605-166291--,00.html). Questions related to the State Aid Payment calculation may be directed to Phil Boone, State Aid and School Finance, (517) 335-4059 or by email at [BooneP2@Michigan.gov](mailto:BooneP2@Michigan.gov).

The Bulletins 1011 and 1014 reflecting local school district 2005-2006 financial information are now available on the MDE website at [www.Michigan.gov](http://www.Michigan.gov). Click on "Offices", then "State Aid and School Finance" then look under "Publications and Reports." Questions related to the bulletins may be directed to Glenda Rader, State Aid and School Finance, (517) 335-0524 or email at [RaderG@Michigan.gov](mailto:RaderG@Michigan.gov).

### **SECTION 31A AT-RISK PROGRAM REPORTS DUE JULY 16, 2007**

Local districts and public school academies receiving 2006-2007 funds under Section 31a At-Risk are required to submit the 2006-2007 Section 31a Program Report to the Department by July 16, 2007. The report form is available in the Michigan Electronic Grants System (MEGS) at <http://megs.mde.state.mi.us/megs/>. If the report is not submitted by July 16, an amount equal to the district's Section 31a August installment will be withheld from the August state aid payment as required by the language in Section 31a of the State School Aid Act. These funds will be forfeited if the report is not received by September 30, 2007. Contact Judy Thelen, Office of School Improvement, Field Services Unit, at (517) 335-1266 or [ThelenJA@Michigan.gov](mailto:ThelenJA@Michigan.gov).

### **GENERAL INFORMATION**

- The **DS-4168B, Planned Number of Days and Clock Hours of Pupil Instruction** was due **April 16, 2007**. The form is available on line at [www.Michigan.gov/mde](http://www.Michigan.gov/mde). Select "keywords" along the top of the screen and then "State Aid Forms." Contact Joellen Wonsey (517) 373-3352, [WonseyJ@Michigan.gov](mailto:WonseyJ@Michigan.gov) with questions.
- **Proration factors:** Section 31a – At Risk funding per pupil proration is \$206.187318059. Section 29 - Declining Enrollment proration is .0938579190. Section 56 – ISD Special Ed Millage Equalization proration is .9664561969.
- The Section 99c – Middle School Math per pupil payment amount is \$55.11.

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\*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](mailto:HanrahanD@Michigan.gov).