

NO MAY 15, 2008 DURANT – RELATED DEBT SERVICE PAYMENT

For the second consecutive year, there is **no May 15th debt service payment** made on behalf of the 450 (approximately) school districts that chose to bond for one-half of their *Durant* litigation related settlement and received those funds up-front back in 1998. That is the result of the restructuring of those bonds that took place in May 2007. That restructuring revised the debt service schedule such that there would be no payment in May 2007 or May 2008 and extended the payment two additional years through 2015. No transaction on the school districts' books related to the debt service will be required for FY 2008. The six districts that chose not to bond and receive half their settlement up front in 1998 and instead chose to receive their settlement in 15 annual installments did receive a May 15, 2008 payment. State School Aid Financial Status Reports for those payments are available on the web. Questions related to the debt service schedules should be directed to the Michigan Municipal Bond Authority, (517) 373-1728 or treasmmba@Michigan.gov.

FY 2008 SUPPLEMENTAL ENACTED

House Bill 5531, a FY 2008 state school aid supplemental appropriation, was signed by the Governor on April 24, 2008, and enacted as P.A. 112 of 2008. The following are highlights of the provisions in HB 5531.

- Provides a new **Section 32e** with \$4.7 million for districts eligible to receive funding under the Michigan School Readiness Program (Section 32d). The intent of this additional funding is to hold harmless districts that received fewer "slots" under Section 32d in FY 2008 than they received in FY 2007. **These additional funds are being distributed in the May 2008 payment.**
- Allocates \$1.3 million in a new **Subsection 22d(4)** for payments to districts with 5.0 or fewer pupils per square mile and a total area in square miles greater than 200. **These funds will be distributed to eligible districts on a per-pupil basis beginning in a subsequent month's state school aid payment.**
- Amends the eligibility threshold for the **Section 56** Special Education Millage Equalization funding and the threshold for the **Section 62** Vocational Education Millage Equalization funding for FY 2008 to \$161,800 and 171,300 respectively. **These adjustments were incorporated into the calculation of the Section 56 and Section 62 funds paid to intermediate school districts in the May 2008 payment.**
- The appropriations for the FY 2008 **Section 22a** Proposal A Obligation funds, **Section 22b** Discretionary Payment funds and **Section 51a** Special Education funds have been adjusted based on revised pupil count estimates, taxable valuation estimates and special education cost estimates.

The summary provided above should not be considered a complete description of the content of 2008 PA 112. Additional information and details on PA 112 can be found at www.house.Michigan.gov/hfa.

INDIRECT COSTS

Current indirect cost rate information is now available at: http://www.michigan.gov/mde/0,1607,7-140-6530_118785--,00.html. The new rate information includes Special Education rates for FY 2008 and preliminary rate information for FY 2009. Form R0418a, *Costs for the Development of 2008-2009 Federal Indirect Cost Rates* details the cost data used to calculate preliminary indirect cost rates. Form R0418, *Carryforward Calculation for 2007-2008 Federal Indirect Cost Rates* shows the results of the preliminary calculation. Please review the cost data on Form R0418a as well as the posted instruction document in order to determine necessary adjustments. Please request any adjustments using Form DS-4513 by June 1, 2008. **The deadline date for the return of the DS-4513 is crucial and no adjustment requests will be accepted after that date.** If you have any questions or comments related to this change, please contact Phil Boone at (517) 335-4059 or BooneP2@Michigan.gov.

TAXABLE VALUE SYSTEM REDESIGN

The online taxable value system, at <http://mdoe.state.mi.us/taxvalue>, is undergoing a major redesign in order to accommodate personal property tax exemptions resulting from the Michigan Business Tax. Starting in FY 2009, the Michigan Department of Education will be collecting taxable value data related to commercial and industrial personal property in order to accurately calculate state school aid payments. While there will be some changes to the site for the years prior to FY 2009, the same system of collecting four values remains in place. However, for FY 2009 and forward, the Department will collect twelve distinct values for each unit. As a result, the taxable values for FY 2009 and subsequent years will be displayed in a 4 X 3 grid, as shown below, rather than the current single row of four values.

LUCE
County Code: 48
Tax Year: 2008



Totals :				
	PRE & Qualified Ag. & Qualified Forest	Industrial Personal Property	Commercial Personal Property	All Other (Non-PRE)
Includes CAV but not RZ :	\$434	\$847	\$1,483	\$2,209
Only CAV :	\$422	\$1,055	\$1,688	\$2,420
Only RZ :	\$635	\$1,271	\$1,907	\$2,631

PRE refers to Principal Residence Exemption
CAV refers to Captured Assessed Value
RZ refers to Renaissance Zone

	Unit	CountyName	DistrictCode	In Review	PRE & Qualified Ag. & Qualified Forest	Industrial Personal Property	Commercial Personal Property	All other (Non-PRE)	LastUpdate	Update By	Email	
<input type="button" value="Edit"/>	COLUMBUS (815)	LUCE	48040		Includes CAV but not RZ Only CAV Only RZ	\$333 \$220 \$332	\$443 \$550 \$665	\$776 \$880 \$998	\$1,200 \$1,310 \$1,420	5/12/2008	Subhash, Kamath	<input type="checkbox"/> <input type="button" value="Edit"/>
<input type="button" value="Edit"/>	LAKEFIELD (816)	LUCE	48040		Includes CAV but not RZ Only CAV Only RZ	\$1 \$2 \$3	\$4 \$5 \$6	\$7 \$8 \$9	\$9 \$10 \$11	5/8/2008	Subhash, Kamath	<input type="checkbox"/> <input type="button" value="Edit"/>
<input type="button" value="Edit"/>	MCMILLAN (817)	LUCE	48040		Includes CAV but not RZ Only CAV Only RZ	\$100 \$200 \$300	\$400 \$500 \$600	\$700 \$800 \$900	\$1,000 \$1,100 \$1,200	5/12/2008	Subhash, Kamath	<input type="checkbox"/> <input type="button" value="Edit"/>
<input type="button" value="Edit"/>	PENTLAND (818)	LUCE	48040		Includes CAV but not RZ Only CAV Only RZ	\$0 \$0 \$0	\$0 \$0 \$0	\$0 \$0 \$0	\$0 \$0 \$0	4/16/2008	System, Account	<input type="checkbox"/> <input type="button" value="Edit"/>
			Totals:		Includes CAV but not RZ Only CAV Only RZ	\$434 \$422 \$635	\$847 \$1,055 \$1,271	\$1,483 \$1,688 \$1,907	\$2,209 \$2,420 \$2,631			

If you have any questions or comments related to this change, please contact Phil Boone at (517) 335-4059 or BooneP2@Michigan.gov.

FY 2007 ISD ITINERANT COST ADJUSTMENT IN MAY PAYMENT

FY 2007 "itinerant" cost adjustments calculated pursuant to the language in Section 51a(7) of the State School Aid Act appear on the May 2008 State School Aid Financial Status Reports of eligible intermediate school districts under the section labeled "Prior Year Adjustments" on the line labeled "SE Itinerant." The language in Section 51a(7)(c) states that the itinerant cost reimbursement under that section shall be prorated if the funds available are insufficient to fully fund the reimbursement. The proration factor for the FY 2007 itinerant cost adjustments is .313652. Questions related to the itinerant costs used in the calculation should be directed to Dianne Easterling, Special Education and Early Intervention Services, (517) 241-4517 or EasterlingD@Michigan.gov. Questions related to the calculation of the adjustment should be directed to Dan Hanrahan, Office of State Aid and School Finance, (517) 335-0521 or HanrahanD@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 16, 2008. The purpose of the conference is to reach a consensus on the current fiscal year revenues and the projected revenues for FY 2009. 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) following the conference.

SECTION 31A AT-RISK PROGRAM REPORTS DUE JULY 15, 2008

Local districts and public school academies receiving FY 2008 funds under Section 31a At-Risk are required to submit the FY 2008 Section 31a Program Report to the Department by July 15, 2008. 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 15, 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, 2008. Contact Judy Thelen, Office of School Improvement, Field Services Unit, at (517) 335-1266 or ThelenJA@Michigan.gov.

GENERAL INFORMATION

- **Proration factors:** Section 31a – At Risk funding per pupil proration is \$241.543334344. Section 29 - Declining Enrollment proration is .0819979667. Section 56 – ISD Special Ed Millage Equalization proration is .9879410908.

*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.