

**MAY 2010 DURANT – RELATED DEBT SERVICE PAYMENT**

The State School Aid Act, as amended by Public Act 142 of 1997, provided appropriations as part of a settlement to school districts involved in the *Durant* litigation as well as school districts not involved in the litigation (referred to as Non-*Durant* school districts). The act provided for most of the Non-*Durant* school districts to receive half of their *Durant* related settlement amount in ten annual cash payments (paid November 15, 1998 through November 2007), and the other half in fifteen annual payments (beginning May 15, 1999 through May 15, 2013). The May payments could be pledged for a bonding option and approximately 450 school districts chose to do so. The Michigan Municipal Bond Authority (MMBA) issued bonds for the Non-*Durant* school districts that elected to receive a lump sum amount from the MMBA rather than the fifteen annual payments. These districts have received a separate status report, dated May 15 (or the next business day), each year that a debt service payment was made to the trustee that shows the amount of the debt service paid on their behalf to the bond trustee. Six districts elected not to use the bonding option and are receiving the 15 annual payments. The May 17, 2010 State School Aid Financial Status Reports for the districts that chose the bonding option as well as the six districts that chose to receive the 15 payments are on the Department's website. No action is required by the participating school districts to effectuate the debt service payments; all payments continue to be made by state appropriations for this purpose. The six districts that chose to receive the fifteen annual installments received a May 17, 2010 payment. Guidance related to accounting for the debt service 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). Questions related to the debt service schedules should be directed to the Michigan Municipal Bond Authority, (517) 373-1728 or [treasmba@Michigan.gov](mailto:treasmba@Michigan.gov).

**STATE SCHOOL AID DATA UPDATED FOR MAY**

The May state school aid payment is the 8<sup>th</sup> regular 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 Thursday, May 20, 2010.

**Taxable value** figures used to calculate the May payment represent the tax year 2009 values provided by the county treasurers via the web-based taxable valuation collection process. Any revisions to taxable values received prior to May 4, 2010 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 have reported, by May 1, 2010, the taxable valuations as of the date that they settled with the local unit treasurers. Letters were sent out to the treasurers requesting that they report those values if they had not done so already. 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 2009. Districts may want to contact their county treasurers as well to encourage them to report the revised values if it is apparent that they have not yet done so.

The **membership blend** used to calculate the May payment incorporated all Michigan Student Data System (MSDS) pupil (FTE) counts released to the Department as of May 4, 2010, 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 fiscal year 2010 is 25% of the February 11, 2009 supplemental count and 75% of the September 30, 2009 pupil count. All of the February 11, 2009 count data and virtually all of the September 30, 2009 count data are audited.

The following **categoricals** were updated in the May 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:

- ISD Great Start - Section 32j (Colleen O'Connor, Early Childhood and Family Services, (517) 241-4291, [OconnorC1@Michigan.gov](mailto:OconnorC1@Michigan.gov))
- Great Start Readiness - Section 32d (Jan Fowler, Early Childhood and Family Services, (517) 241-4741, [FowlerJ2@Michigan.gov](mailto:FowlerJ2@Michigan.gov))
- School Lunch – Section 31d (Dawn Harris, Grants Coordination and School Support Services, (517) 373-4335, [HarrisD6@Michigan.gov](mailto:HarrisD6@Michigan.gov))

### **ARRA SECTION 1512 AND STABILIZATION REPORTING REQUIREMENTS**

Next quarter's Section 1512 report is due July 5, 2010. The Section 1512 report application will become 2010. Since the due date is the day after the 4<sup>th</sup> of July holiday, reports can be submitted prior to the due date if the business office will be closed on the 5th.

In addition to the Section 1512 report, a separate report for both FY 2009 and FY 2010 Education Stabilization Funds will be required. The report will be in MEGS and it will be accessed through the Education Stabilization application by selecting the "view reports" button. Reports for both fiscal years are due August 30, 2010 unless you are receiving an on-site monitoring visit and are instructed to submit earlier.

Two memos, one regarding Section 1512 and one regarding Education Stabilization reporting, will be out on May 20, 2010, to all superintendents and "level 5s" with further information.

### **INDIRECT COSTS**

Current indirect cost rate information is available 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). The new rate information includes Special Education rates for 2009-2010 and preliminary rate information for 2010-2011. Form R0418a, *Costs for the Development of 2010-2011 Federal Indirect Cost Rates* details the cost data used to calculate preliminary indirect cost rates. Form R0418, *Carryforward Calculation for 2010-2011 Federal Indirect Cost Rates* shows the results of the preliminary calculation. If you have any questions or comments, please contact Phil Boone at (517) 335-4059 or [BooneP2@Michigan.gov](mailto:BooneP2@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 21, 2010. The purpose of the conference is to reach a consensus on the current fiscal year revenues and the projected revenues for FY 2011. The revenue consensus reached at the conference will impact state school aid for FY 2010 and FY 2011. Information on the results of that conference will be in the June UPDATE. Information regarding the Revenue Estimating Conference can also be obtained from the House Fiscal Agency Website ([www.Michigan.gov/HFA](http://www.Michigan.gov/HFA)) following the conference.

### **SECTION 31A AT-RISK PROGRAM REPORTS DUE JULY 15, 2010**

Local districts and public school academies receiving fiscal year 2010 funds under Section 31a At-Risk are required to submit the fiscal year 2010 Section 31a Program Report to the Department by July 15, 2010. 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, 2010. Contact Judy Thelen, Office of School Improvement, Field Services Unit, at (517) 335-1266 or [ThelenJ8@Michigan.gov](mailto:ThelenJ8@Michigan.gov).

### **GENERAL INFORMATION**

- **Proration factors:** Section 31a – At Risk funding per pupil proration is \$288.568776713. Section 29 - Declining Enrollment proration is .074773392.

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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)