

NOVEMBER PAYMENT INFORMATION

The November state school aid payment is the second fiscal year 2014 payment. The payment will be electronically transferred to the districts' accounts on Wednesday, November 20, 2013.

Taxable Value - The November payment continues to use the *beginning* 2013 tax roll non-PRE (non-Primary Residence Exempt property), and Commercial Personal property taxable value data for the Section 20 foundation calculations, 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. Questions concerning taxable value should **first be directed to the appropriate county treasurer**.

Pupil Membership – October 2013 unaudited pupil count data received prior to November 1, 2013 were used in the calculation of the blended membership count for the November payment. Otherwise, the estimates that were used in the October payment continue to be used. Please note that the **three-year average membership blend** was calculated for the November payment using either the estimates or the unaudited data, whichever was available. The three-year average blend is used for districts with a current year 90% - 10% blend of less than 1,550 and 4.5 or fewer pupils per square mile for whom the average of the membership blends for fiscal year 2012, fiscal year 2013 and fiscal year 2014 exceeds the current year blend. Districts receiving the three-year blend can see the details of the calculation on the State Aid Financial Status Report.

Special Education Cost Figures - The fiscal year 2012 special education and special education transportation cost figures continue to be used in the November payment. The fiscal year 2013 cost reports, which were due this fall, are being audited by the Office of Special Education and will be used to estimate current year costs when the data are released to the Office of State Aid and School Finance. (Dianne Easterling, Special Education Office, (517) 241-4517, EasterlingD@Michigan.gov)

Updated Categoricals - The following categorical updates were updated in the November 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:

- Special Education - Section 54 (Dianne Easterling, Special Education Office, (517) 241-4517, EasterlingD@Michigan.gov)
- Great Start Readiness Program, (Pat Sargent, Office of Great Start/early Childhood Education and Family Services, (517) 241-4741, SargentP@Michigan.gov)

NEW SECTION 20F FUNDS IN THE NOVEMBER PAYMENT

A new Section 20f of the State School Aid Act allocates \$6 million for 2013-14 for payments to eligible districts. A district is eligible for the funding if \$5 minus the sum of the following results in a positive number.

- The increase in the district's per pupil foundation from 2012-13 to 2013-14
- The district's per pupil equity payment under Section 22c
- The change in the district's per pupil allocation under Section 147a from 2012-13 to 2013-14.

The district's allocation under this Section is the result of the above calculation times the district's total state aid pupil count (general education and special education pupils). The funds appear on the State Aid Financial Status Report in the section labeled "Current Year Allowances" on a line labeled "20f HOLD HARMLESS GUARANTEE."

For example, a district with a foundation increase of \$30 with no equity payment and a \$60 per pupil reduction in their Section 147a funding would receive \$35 per pupil as follows:

$$\$5 - (\$30 + \$0 + (-\$60)) = \$5 - (-\$30) = \$35$$

SECTION 147A MPSERS RETIREMENT OFFSET FUNDS

The November 2013 payment includes funds from Section 147a of the State School Aid Act that appropriates \$100 million for offsetting Michigan Public School Employee Retirement Service (MPSERS) costs. These funds are to be used solely for the purpose of offsetting a portion of the retirement contributions owed by the district for FY 2013. The amount allocated to each district is based on each participating district's percentage of the total statewide payroll for all participating districts for the state fiscal year ending September 30, 2013. In order to process these funds, the Department needed the payroll data for the fiscal year ending September 30, 2013. Those data were received in time to process the Section 147a MPSERS Offset funds in the November payment (both the October and November installments). The funds appear in the "Current Year Allowances" section of the State Aid Financial Status Report and are labeled "147a MPSERS COST OFFSET."

Since these funds are restricted to local districts and public school academies for the purpose of offsetting retirement contributions owed for FY 2013, if the circumstances have changed such that you are no longer participating in MPSERS (i.e. not a participating district as defined in Section 147a), then you are not entitled to the funds and they will need to be returned to the Department. Please notify the Department of that change at your earliest convenience. Questions related to the MPSERS offset funds should be directed to Glenda Rader, Office of State Aid and School Finance, at (517) 335-0524 or by e-mail at RaderG@Michigan.gov.

SECTION 147C FUNDS INCLUDED IN THE NOVEMBER PAYMENT

Section 147c of the State School Aid act allocates \$403.3 million for payments to local districts, intermediate districts and public school academies. The amount allocated to each entity is based on each participating entity's proportion of the total covered payroll for the immediately preceding fiscal year. The funds received under this Section are to be forwarded to the Public School Employees Retirement Service in a form and manner determined by the Office of Retirement Services (ORS). The funds are included in the November payment and appear on the State Aid Financial Status Report in the section labeled "Current Year Allowances" on a line labeled "147c MPSERS UAAL RATE STABILIZATION." An amount equal to 18.18% of the annual amount is included in the November state aid payment and approximately 9.09% will be paid in the remaining 2013-14 payments. Guidance on this topic from the Department can be found at http://www.michigan.gov/mde/0,4615,7-140-6530_6605---,00.html. If you have questions regarding the related invoices and payments due to ORS, contact ORS at ORS_WEB_Reporting@michigan.gov or at 517-636-0166. Questions related to accounting for the payments may be directed to Glenda Rader, Office of State Aid and School Finance, at (517) 335-0524 or by e-mail at RaderG@Michigan.gov.

SECTION 25E PUPIL MEMBERSHIP TRANSFERS

Section 25e of the State School Aid Act (MCL 388.1625e, Public Act 60 of 2013) is effective beginning with the 2013-14 school year. The legislation allows districts to count a prorated Full Time Equivalency (FTE) for pupils who transfer from one district to another between the Fall Count date (October 2, 2013 for the 2013-14 fiscal year) and the Supplemental Count date (February 12, 2014 for 2013-14) provided that the pupil was counted in a district on the Fall Count date and is eligible to be counted in the district to which the pupil transferred pursuant to the language in Section 6 of the State School Aid Act. To be eligible to be counted a pupil must either be a resident of the district or meet one of the exceptions listed in Section 6. Districts will see Section 25e membership changes starting with the December payment if claims for membership transfers were submitted to CEPI prior to the December payment calculation.

Additional information regarding Section 25e is available on CEPI's MSDS Student Record Maintenance (SRM) Web page at http://www.michigan.gov/cepi/0,4546,7-113-986_50502_53650---,00.html.

DEFICIT ELIMINATION PLANS

Any district or public school academy that incurred a negative fund balance as of June 30, 2013 must submit to the Department a board adopted Deficit Elimination Plan with a matching fiscal year 2014 budget. Districts with completed FID submissions that indicate deficit status are notified of this requirement. Failure to submit a complete Deficit Elimination Plan by the due dates in that correspondence will result in the withholding of state school aid payments. For further information as well as the required forms, please see the Department's website at http://www.michigan.gov/mde/0,4615,7-140-6530_6605-106599--,00.html. Questions may be directed to Jeff Kolb, Office of State Aid and School Finance, (517) 373-1908 or KolbJ2@Michigan.gov.

IMPORTANT DATES TO REMEMBER

- The **fiscal year 2013 MSDS Records (including State Aid FTE Counts)** for the October 2, 2013 count date were due to the Center for Educational Performance and Information (CEPI) by **November 6, 2013 and were to be certified by November 13.**
- **November 15** was the deadline for local districts (including PSAs) to file their **fiscal year 2013 financial audit reports** with the ISD and the Department. It was also the date for the ISD to file its own **financial report** and the **pupil membership audit reports** for its constituent districts with the Department. (Naomi Krefman, (517) 335-6858, KrefmanN@Michigan.gov).
- **November 15** was the deadline for local and intermediate districts (including PSAs) to submit the **fiscal year 2013 Annual Comprehensive Financial Report - FID**. (Glenda Rader, (517) 335-0524, RaderG@Michigan.gov).
- **Proration factors** for November: Section 31a At Risk 320.5062393263
- The **Headlee Obligation for Data Collection** funds are being paid out at a rate of \$24.5836980191 per pupil.

***Do you have questions about the information appearing in this UPDATE? Call the consultants identified above or Dan Hanrahan, Director, State Aid & School Finance, MDE, phone: (517) 335-0521, fax: (517) 241-0196, e-mail: HanrahanD@Michigan.gov**