

**OCTOBER 20 PAYMENT IS THE FIRST INSTALLMENT FOR FY2006**

The first in the 11-payment schedule of school aid payments for FY 2006 is being made on Thursday, October 20. The payment reflects a \$175 increase to the per pupil foundation grants.

Following immediately below are the data, estimates, and assumptions used specifically for the October payment.

**Taxable value** figures used in the calculation of the Section 20 and Section 22a state per pupil amounts are the initial tax year 2005 figures provided by the county treasurers via the web based reporting system. **Questions concerning the taxable value figures should first be directed to the appropriate county treasurer.**

The **membership blend** used to calculate the October payment is an **estimate**. For traditional public school districts and intermediate districts, the figure used in place of the September 28, 2005 pupil count (which has not yet been received) is the September 22, 2004 count. For public school academies, a preliminary pupil count is being used which was reported on the form DS-4898. These estimates will be replaced by the actual (unaudited) counts, due to the Center for Education Performance and Information (CEPI) by November 16. Questions concerning **membership** should be directed to Joellen Wonsey in the Office of State Aid & School Finance at (517) 373-3352 or [WonseyJ@Michigan.gov](mailto:WonseyJ@Michigan.gov)

A few **categoryicals** have been “rolled over” for the October payment, meaning that the beginning FY 2006 allowance amounts are identical to the amounts awarded in FY 2005. These amounts may be refined and adjusted as the payment year progresses. **“Rolled over” categoryicals** include: Court Placed Pupils (24), ISD Center Program FICA & Retirement (51a(8)), Vocational Education (61a(1)), Bilingual (41), Math/Science Centers (99), Isolated District Grants (22d), ISD General Formula (81) and Great Parents-Great Start (32j).

**Categoryicals with updated allocation amounts** include: School Lunch (31d), Michigan School Readiness Program (32d), Special Ed Rules Changes (51a(6)), Bus Driver Safety (74) and Special Education (53a). As an estimate for **Adult Education** (107), the allowances reflected in October are equal to the district’s or consortium’s capped allowance. Questions on the Adult Education payment calculation can be directed to Joellen Wonsey at (517) 373-3352 or [WonseyJ@Michigan.gov](mailto:WonseyJ@Michigan.gov). Questions about Adult Education program operations should be directed to Diane Duthie in the Adult Education Office at the Department of Labor and Economic Growth at (517) 373-8800 or [DuthieD@Michigan.gov](mailto:DuthieD@Michigan.gov).

**Prior Year Adjustments** in the October payment include (but are not limited to) restoration of FY 2005 deductions in At-Risk (31a) for districts whose FY 2005 annual reports were received by September 30. Also, prior year adjustments that result from updated pupil counts and/or taxable value figures are included in the October payment. Please note that, in general, prior year adjustments are made at 100% when they first appear (rather than in “installments” spread over the payment year).

**GENERAL INFORMATION REGARDING FY 2006 SCHOOL AID**

Enrolled House Bill 4887 was signed by the Governor on September 30, 2005 and enacted into law as P.A. 155 of 2005. Pursuant to language in P.A. 155, the current year **foundation allowance** for FY 2006 is equal to the FY 2005 foundation plus \$175 for all districts. (“Hold harmless” districts continue to have a 20j per pupil amount equal to \$1,213 minus the sum of the increases in the district’s foundation since FY 1999.) The FY 2006 basic foundation allowance is \$6,875. The maximum foundation allowance for a Public School Academy (PSA) is \$7,175.

The **Section 22a Proposal A** state amount per pupil is calculated as the district’s FY 1995 foundation allowance minus the FY 2006 local revenue per pupil. The denominator used for the local revenue is the total state aid membership (both general education and special education pupils). The Section 22a per pupil amount is multiplied by the district’s total FY 2006 blended membership to generate the Section 22a payment amount.

The **Section 51c Special Education Headlee Obligation** payment is equal to the district's FY 2006 special education costs multiplied by .286138 plus the district's FY 2006 special education transportation costs multiplied by .704165. Keep in mind that **prior year cost numbers are used as estimates** until actual cost figures are obtained, at which time adjustments are made.

Continuing the payment mechanism that began in FY 2001, rather than making foundation allowance and special education payments under Sections 20, 20j, and 51a, the amounts calculated under those sections determine the payment amount under Section 22b. After making payments under Sections 22a and 51c, the **Section 22b Discretionary Payment** is paid, which is equal to the sum of the amounts calculated under Sections 20, 20j, 51a(2), 51a(3), and 51a(12) minus the amounts paid in 22a and 51c. The formulas used in the calculations under 20, 20j, 51a(2), 51a(3), and 51a(12) have not changed for FY2006. However, pursuant to language in Section 20j(3), an edit has been added to the system to eliminate the Section 20j funding for districts with local revenue per pupil that exceeds the sum of its per pupil foundation allowance plus the per pupil allocation under Section 20j(2).

**The membership blend** for FY 2006 is **25%** of the February 9, 2005 supplemental count and **75%** of the September 28, 2005 pupil count, with the same exceptions for PSAs in their 1<sup>st</sup> or 2<sup>nd</sup> year (50%-50% blend of the two *current year counts*) and for districts with a new grade level(s) (50%-50% current year blend *for pupils in the new grade level(s)*) as we have had in the past. Language remains in Section 6(4)(y) which allows for a three-year average blend for declining enrollment districts, but only for those with 4.5 or fewer pupils per square mile. This language applies to **both lower and upper peninsula districts**. If a district with 4.5 or fewer pupils per square mile would have a membership blend of less than 1,550 FTEs using the 25%-75% approach, that figure is replaced by the average of the current and two immediately preceding year blends if the average provides a greater number. However, districts receiving funding under **Section 22d** for payments to small, geographically isolated districts are not eligible for the three-year average membership. **The formula for calculating the three year average blend is a straight average of the 25%-75% FY 2006 and FY 2005 blends and the 20%-80% blend for FY 2004 as opposed to using any prior year three-year average blends in the calculation.**

Language in Section 6(4)(y) continues which allows a district educating pupils in grades 9 to 12 who reside in a contiguous district that does not operate grades 9 to 12 to request that the Department use the square mileage of both districts in determining the number of pupils per square mile. **NOTE:** Eligibility will be determined automatically as a part of the payment calculation. A listing of the square mile area of all districts is on the MDE web site at

[www.michigan.gov/documents/squaremiles\\_11742\\_7.pdf](http://www.michigan.gov/documents/squaremiles_11742_7.pdf)

The **instructional time requirement** for FY 2006 remains at 1,098 hours. However, as in FY 2005 and FY 2004, there is **no requirement to be in session a minimum number of days**. The provision allowing a district to count up to 51 hours of teacher professional development time as pupil instruction continues. The professional development time must be focused on achieving or improving adequate yearly progress, or be used for accreditation purposes, achieving highly qualified teacher status under No Child Left Behind, or maintaining teacher certification. Exceptions to the 1,098 hours requirement include:

- < *kindergarten pupils*, who are required to be provided 549 hours;
- < *pupils with study halls*, who are required to be provided 1,188 hours; and
- < *high school pupils with an approved reduced schedule*, who are required to be provided 878.4 hours (823.5 hours for those reduced schedule pupils in a "4-block" program).

Also, up to 3 hours per week of *travel time between instructional sites* can be counted as instructional time for certain pupils; additional travel time may be waived by the Department under certain circumstances. (Joellen Wonsey, (517) 373-3352 or [WonseyJ@Michigan.gov](mailto:WonseyJ@Michigan.gov))

**The payment schedule** continues to provide state school aid payments on the 20th of each month from October through August at 1/11th of the annualized amount being paid on each of those dates. When the 20th of the month falls on a non-business day, the payment will be made on the **immediately preceding business day**. The July and August payments must be accrued to the immediately preceding school fiscal year. The FY 2006 payment dates will be on the 20<sup>th</sup> of each month except for the following dates: Friday, November 18, 2005; Friday, February 17, 2006; Friday, May 19, 2006 and Friday, August 18, 2006. In addition, payments to or on behalf of *Durant* non-plaintiffs will be made on Tuesday, November 15, 2005, and Monday, May 15, 2006.

**Categoricals maintained at their FY 2005 levels** include, but are not limited to:

- C At-Risk Pupils (31a), \$310,457,000;
- C Michigan School Readiness Program (32d), \$72.8 million;
- C Court Placed Pupils (24) \$8,000,000;
- C ISD General Formula (81) \$77,702,100;
- C Math and Science Centers (99) \$2,500,000;
- C Bilingual Education (41) \$2,800,000 in state funds;
- C Great Parents-Great Start (32j) \$3,326,000.

**Categoricals increased from their FY 2005 levels** include,

- C Adult Education (107) from \$20,000,000 to \$21,000,000;
- C Advanced and Accelerated Pupils (57) from \$250,000 to \$285,000.

**New Categorical for FY 2006**

- C Middle School Math Initiative (99b) \$3,850,000

### **FINANCIAL INFORMATION DATABASE (FID) REMINDER**

All public schools that received state school aid during FY 2005 are required to electronically submit financial data to the Financial Information Database (FID) by November 15, 2005. Failure to submit the FID data by that date is cause for the withholding of future state school aid payments (MCL 388.1618(8)). Questions related to the financial data required in this submission may be directed to Glenda Rader at (517) 335-0524 or e-mail

[RaderG@Michigan.gov](mailto:RaderG@Michigan.gov).

At least one staff member must be designated by each district and public school academy to submit data via the FID application. To become authorized, this individual must download and complete a security agreement. To locate the agreement, go to [www.Michigan.gov/CEPI](http://www.Michigan.gov/CEPI), click on "MEIS Data Services" from the left-side navigation bar, and then on "Financial Information Database." In the pink box titled "Upload FID Data to CEPI," click on the "FID Security Agreements" link. Questions related to accessing the system or submission of data to the FID may be directed to the DIT Client Service Center by e-mail [Help-Desk@Michigan.gov](mailto:Help-Desk@Michigan.gov) or phone (517) 335-0505.

### **IMPORTANT DATES TO REMEMBER**

- C Districts are required to report by **November 1** to the local health department the **immunization status** of all pupils in grades K-12 who enrolled in the district or ISD for the first time between January 1 and September 30, 2005. (Patty Lawless, (517) 373-1122 or [LawlessP@Michigan.gov](mailto:LawlessP@Michigan.gov))
- C The **FY 2006 SRSD Records (including State Aid FTE Counts)** for the September 28, 2005 count date are due to ISDs on **November 2** and from the ISDs to CEPI on **November 16**. (Mark Gover (517) 373-2469 or [GoverM@Michigan.gov](mailto:GoverM@Michigan.gov))
- C **November 1** is the deadline for local districts (including PSAs) to file their **FY 2005 financial audit reports** with the ISDs. The **financial and pupil accounting audit reports** are due **November 15** from the ISDs to the Department. **Failure to file these reports will result in the withholding of state aid.** (Kathy Weller, (517) 335-6858 or [WellerK@Michigan.gov](mailto:WellerK@Michigan.gov) )

---

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