

# STATE SCHOOL AID UPDATE

Michigan Department of Education



June 2013

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## STATE SCHOOL AID DATA UPDATED FOR JUNE

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

- Renaissance Zone – Section 26a (Howard Heideman, Treasury, Revenue and Tax Analysis, (517) 373-9002, [HeidemanH@Michigan.gov](mailto:HeidemanH@Michigan.gov))
- Great Start Readiness - Section 32d (Pat Sargent, Early Childhood and Family Services, (517) 241-4741, [SargentP@Michigan.gov](mailto:SargentP@Michigan.gov))

## FY 2014 SCHOOL AID

The Omnibus Education Bill (House Bill 4228), was signed by the Governor on June 13, 2013 and enacted as P.A. 60 of 2013. Following are some highlights of the bill.

- The per pupil **Foundation Grants for FY 2014** increase by a range of from \$30 to \$60. The lowest foundation increases from \$6,966 to \$7,026. The highest state guaranteed foundation increases from \$8,019 to \$8,049.
- A **new section 22c** appropriates \$36 million for **Equity Payments** to districts with a FY 2014 foundation less than \$7,076. The equity payment would be equal to \$7,076 minus the district's FY 2014 foundation.
- The Section 22f **Best Practices** funding remains at \$80 million and paid at an estimated \$52 per pupil. The best practices funding will be paid based on the requirement to meet seven of eight best practices that are substantially the same as in FY 2013.
- A **new Section 20f** appropriates \$6 million to guarantee that the change in Foundation + Equity Payment (Section 22c) + change in MPERS Cost Offset (Section 147a) equals at least \$5 for every district.
- A **new Section 21f** requires a district to enroll pupils in grades 5 through 12 in up to 2 online courses that are listed in either the district's catalog of online courses or the statewide catalog of online courses maintained by the Michigan Virtual University. The district is then obligated to pay up to 1/12 of the foundation for semester courses and up to 1/18 of the foundation for trimester courses.
- **Section 22j** provides \$46.6 million for **Performance Based** funding using FY 2012 MEAP and MME data as the basis for the funding. The funds will be distributed at the rate of \$30 for each pupil in membership for districts that meet the performance standard for pupils in grades three through eight in reading, \$30 for each pupil in membership for meeting the performance standard in grades three through eight in math, and \$40 for each pupil in membership for meeting the standard in all subjects tested for pupil in grades nine through twelve.
- **Section 22i** allocates \$50 million for grants to districts or intermediate districts to develop or **improve technology infrastructure** necessary for the planned online growth assessments in FY 2015.
- A **new Section 22k** allocates \$8 million for **Student Centric Grants**.
- A **new Section 25e** allows districts to count a partial FTE for pupils who transfer from another district after the Pupil Membership Count Day.
- A **new Section 41** restores \$1.2 million for LEP/Bilingual programs.
- **ISD Millage Equalization Section 56-** \$37.8 million (No ISD to get more than 62.9%; No ISD to get less than 74% of prior year). **Section 62-**\$9.2 million (No ISD to get more than 38.4%; No ISD to get less than 74% of prior year).
- A **new Section 99h** appropriates \$3 million for **FIRST Robotics**.

**Boilerplate:** Effective **2014-15**, Districts are required to provide 175 days of instruction or the number of days provided in FY 2010 whichever is greater; and, no Professional Development time can be counted as Instruction Time.

Effective **2013-14**, the **Membership Blend** is 90% of the October count and 10% of the **subsequent** February count.

The summary provided above should not be considered a complete description of the content of HB 4228. Additional information and details on this bill can be found at [www.michiganlegislature.org](http://www.michiganlegislature.org).

## INDIRECT COST RATES

Adjustments to local and intermediate school district Indirect Cost Rates were due to the Department by June 1, 2013. The process of recalculating rates is nearly complete and final rates will be available before

the end of June on the Department's website 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). Questions related to the indirect cost rate calculations should be directed to Phil Boone, Office of State Aid and School Finance, at (517) 335-4059 or e-mail at [BooneP2@Michigan.gov](mailto:BooneP2@Michigan.gov).

### **GUIDANCE ON ACCOUNTING FOR THE MPSERS UAAL RATE STABILIZATION PAYMENT**

In addition to the items above, HB 4228 amends Section 147c of the State School Aid Act for FY 2012-13. It appropriates \$160 Million in state funds for payments to districts to cover Michigan Public School Employees Retirement System (MPSERS) Unfunded Liability Obligations in excess of the statutory cap of 20.96% (2012 PA 300, MCL 38.1341(2)). These funds will be paid in the July and August payments to local and intermediate school districts that participate in the MPSERS system. The funds will be reflected on the State School Aid Financial Status Report in a Section 147c MPSERS UAAL Rate Stabilization categorical, and represent a funding source to help pay for districts' retirement obligations. A copy of Michigan Department of Education Guidance on Accounting for these funds is available at:

[http://www.michigan.gov/mde/0,4615,7-140-6530\\_6605-306127--,00.html](http://www.michigan.gov/mde/0,4615,7-140-6530_6605-306127--,00.html). Questions may be directed to Glenda Rader via email at [RaderG@Michigan.gov](mailto:RaderG@Michigan.gov) or by phone at (517) 335-0524.

### **DAYS AND CLOCK HOURS REPORTING**

**Deadlines:** The district deadline for submitting the DS-4168 Report of Days and Clock Hours of Instruction for the 2012-13 school year is July 15, 2013. Intermediate districts will have until August 1, 2013 to certify the district data for submission to the Department as required under Section 101(3) of the State School Aid Act. Districts are encouraged to submit their days and clock hours report to the ISD early where possible to allow for adequate time to review and correct issues with the submission.

**Reporting:** The days and hours reporting has been integrated into the Educational Entity Master (EEM) system, and is accessible through the 'Days and Clock Hours' application link in the left navigation. After clicking on the link, users will select 'Data Submission' to start their report for the year. A User Guide for the application is available to assist users with the reporting process. That guide is available at: [http://mi.gov/documents/mde/DCH\\_Application\\_User\\_Guide\\_391892\\_7.pdf](http://mi.gov/documents/mde/DCH_Application_User_Guide_391892_7.pdf).

**Note:** The 'Days and Clock Hours' application requires specialized credentials to access the system. If the 'Days and Clock Hours' application link does not appear in the left navigation after logging into the EEM, please contact CEPI for assistance in gaining access to the application. Questions regarding the D/CH application should be directed to CEPI Support at [CEPI@Michigan.gov](mailto:CEPI@Michigan.gov).

### **DEFICIT DISTRICT INFORMATION**

Deficit Elimination Plans (DEP) for districts or academies incurring a negative general fund balance as of June 30, 2013 or whose Board has adopted a 2013-2014 deficit budget are due to the Department 30 days after the local school board adopts the budget or 30 days after the state school aid budget is passed, whichever is later. Districts having incurred a negative general fund balance as of June 30, 2013 should contact the Office of State Aid and School Finance as soon as possible to begin planning their Deficit Elimination Plan submissions, if they have not already done so. Current Deficit Elimination Plan forms are available on the Department's website at: [http://www.michigan.gov/mde/0,1607,7-140-6530\\_6605-106599--,00.html](http://www.michigan.gov/mde/0,1607,7-140-6530_6605-106599--,00.html). Questions related to a DEP should be directed to Jeff Kolb, Office of State Aid and School Finance, at (517) 373-1908 or by e-mail at [KolbJ2@Michigan.gov](mailto:KolbJ2@Michigan.gov) or Chad Urchike at (517) 335-1261 or [UrchikeC1@michigan.gov](mailto:UrchikeC1@michigan.gov).

### **SECTION 31A AT-RISK PROGRAM REPORTS DUE JULY 15, 2013**

Local districts and public school academies receiving FY 2013 funds under Section 31a At-Risk are required to submit the FY 2013 Section 31a Program Report to the Department by July 15, 2013. The report form is available in the Michigan Electronic Grants System *Plus* (MEGS+) at <http://mdoe.state.mi.us/MEGSPLUS/>. 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 2013 state aid payment as required by language in Section 31a of the State School Aid Act. These funds will be forfeited if the report is not received by September 30, 2013. If you have questions regarding the Section 31a program and reporting requirements, please contact Lee Craft, Section 31a Consultant, Office of Field Services at (517) 373-6066. If you have MEGS+ related questions, please contact Judy Thelen, Analyst, Office of Field Services, 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 \$319.342427844.
- The Headlee Obligation for Data Collection funds are being paid at \$24.5279015538 per pupil.

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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).