

HAPPY HOLIDAYS TO ALL OF YOU

Superintendent Brian Whiston and the Office of State Aid and School Finance staff (Phil, Sandy, Jeff, Brian, John, Chris, Chad, Jessica, Anna and Dan) wish each of you a Happy Holiday Season! Also, we wish you the best for the upcoming New Year. As always, we encourage you to feel free to contact us with questions or concerns that we may be able to help with. In addition, we would like to thank you for the support and encouragement that you express to us when we talk on the phone or meet occasionally in person at meetings and other functions.

DECEMBER PAYMENT INFORMATION

The December state school aid payment is the third regular payment of the 2016 fiscal year. The payment will be electronically transferred to the districts' accounts on Monday, December 21, 2015.

Pupil membership – October 2015 unaudited pupil count data reported to the Center for Educational Performance and Information (CEPI) via the Michigan Student Data System (MSDS) were used in the calculation of the blended membership count for the December payment.

Updated categoricals - The following categoricals were updated in the December 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:

- Math Science STEM - Section 99(7) (Ruth Anne Hodges, Education Improvement and Innovation, (517) 241-2219, HodgesR3@Michigan.gov)
- Math Science STEM Competitive – Section 99(7) (Ruth Anne Hodges, Education Improvement and Innovation, (517) 241-2219, HodgesR3@Michigan.gov)

SECTION 20F REPORT

Section 20f of the State School Aid Act appropriates \$18 million to pay districts the same per pupil amount the district received in 2013-14 under section 20f and to guarantee districts at least a \$25 increase in per pupil revenue in 2015-16 after taking into consideration the increase in the foundation, the decrease in Section 22f Best Practices and Section 22j Performance Based funding and the change in Section 31a At-Risk funding. These two components have been rolled into one item under the "Current Year Allowance" section of the State Aid Financial Status Report on a line labeled "20f Hold Harmless Guarantee." As promised in the October 2015 UPDATE, a report has been developed with details of this calculation to be used by those wishing to reconcile this categorical. That report can be accessed at:

http://michigan.gov/documents/mde/FY2016_Section_20f_Hold_Harmless_Guarantee_Details_506721_7.pdf

FY 2015 FID DATA

The Department would like to thank school district administrators for submitting the FY 2015 FID data. Department staff has reviewed the data for quality. E-mails were sent to specific FID users requesting corrections. The FID remains open until December 18, 2015 to submit updated files. Once the final FID data have been processed, preliminary 2016 Indirect Cost Rates and 2015 Maintenance of Effort will be calculated. It is anticipated that staff will run those calculations during the first week of February 2016. Questions related to this item may be directed to Chris May at (517) 335-1263 or e-mail: MayC@Michigan.gov.

DELINQUENT REPORTS RESULT IN THE WITHHOLDING OF FUNDS

A few districts and public school academies (PSA) have failed to comply with the November 1, 2015 submission deadline for the **Financial Information Database (FID) – Annual Comprehensive Financial Report** and the **Financial Audit Reports**. The financial penalty for non-compliance is a 100% withholding of state aid until the reports are received. Therefore, for

the districts with outstanding reports as of December 2, 2015 the December payment has been withheld. Payments will continue to be withheld until the required reports are received. Questions regarding the *audit reports* may be directed to Naomi Krefman, Office of Audits, (517) 335-6858, or e-mail: KrefmanN@Michigan.gov. Districts with questions pertaining to the *FID* may contact Chris May, State Aid and School Finance, (517) 335-1263, or e-mail: MayC@Michigan.gov. It is important to note that in all of the above cases, the delinquent districts were contacted and encouraged to file the reports in order to avoid an interruption in their state aid. Nevertheless, there remain a few noncompliant districts. As noted above, we appreciate the cooperation of all those who have filed their reports in a timely manner.

BUDGET TRANSPARENCY UPDATE

On December 1, 2015, we began reviewing budget transparency websites for compliance. Penalty language has been added to Section 18 of the State School Aid Act for non-compliance. Districts have 30 days from the date of our correspondence to make the necessary changes. If compliance is not met after 30 days, state school aid will be withheld from your next payment.

Employee Compensation Information is an area that has drawn significant attention over the past few weeks. There are two parts to Employee Compensation Information. First, the superintendent's salary and benefits must be disclosed, regardless of salary amount. If you do not have a superintendent, this information must be disclosed for the top administrator listed in the Educational Entity Master. Second, salary and benefits for all other employees whose salary exceeds \$100,000 must also be disclosed. When disclosing benefits, you may combine health, dental, and vision coverage costs. The cost of each additional benefit must be disclosed separately.

Budget transparency guidance may be found by clicking [here](#). It contains information on all of the required data elements, prescribed form and manner, and examples of the required transparency reports. Please direct any budget transparency questions to Chad Urchike at UrchikeC1@Michigan.gov or (517) 335.1261.

HELP WITH RECONCILING PRIOR YEAR ADJUSTMENTS

An online report is available to assist with the reconciliation of prior year state school aid adjustments. This report is intended to provide an improved resource for this purpose as many school business officials have requested. This report expands upon the previously available prior year adjustment spreadsheets. The report details the parameters used to recalculate state aid, the recalculated amounts by section of the State School Aid Act, and includes historical data to assist the district in understanding prior year adjustments. The report can be seen at <http://mdoe.state.mi.us/SAMSStatusReports/LEAPriorYrAdjustments.aspx>. Use the drop-down window to select the fiscal year, and enter the district code to see the results. Please contact Phil Boone at BooneP2@Michigan.gov or 517-335-4059 with any questions.

WELCOME JESSICA and ANNA!

The Office of State Aid and School Finance is very pleased to introduce two new staff members, Jessica Beagle and Anna Neveau, who join us as a Financial Analyst and Auditor respectively. Jessica comes to us from the Chelsea School District and is assisting in the areas of school finance and pupil accounting. Anna comes to us from the Internal Audit section of the Department of Technology, Management and Budget and will be coordinating the implementation of the new early warning legislation with staff from the Treasury Department. Jessica can be contacted at (517) 241-6435 or e-mail BeagleJ1@Michigan.gov. Anna can be contacted at (517) 373-8557 or e-mail NeveauA@Michigan.gov.

GENERAL INFORMATION

The proration factor for Section 31a At-Risk is \$184.3807767115 per pupil.
The Headlee Obligation for Data Collection funds are being paid at \$25.1804485057 per pupil.
The Section 22d(4) funds are being paid at \$44.142091084 per pupil.
The proration factor for Section 22c Equity Payment is .9993824209.

*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.