

## PERSONAL NOTE FROM DAN HANRAHAN

It is with mixed emotions that I write this, my last, State School Aid UPDATE. I will be officially retired effective March 1, 2017. I have been fortunate to work for and with so many wonderful people here at the MDE and in the education community across Michigan. Before leaving, I want to express my sincere gratitude to you all for the assistance you have provided me in the past and the understanding that you have displayed on so many occasions when we have encountered difficult circumstances. It has been great working with so many dedicated individuals.

## FEBRUARY PAYMENT INFORMATION

The payment will be electronically transferred to districts' accounts on Tuesday, February 21, 2017.

## EXECUTIVE BUDGET RECOMMENDATION FOR 2017-2018 SCHOOL AID

On February 8, 2017, Governor Snyder's Executive Budget Recommendation for FY 2018 was presented to the legislature. The following are some highlights of the provisions of the K-12 budget portion of the Governor's proposal.

- The per pupil **Foundation Grants for FY 2018** would increase based on the 2X formula, ranging from \$50 to \$100. Under this plan, the minimum foundation for FY 2018 will be \$7,611 and the basic (maximum state guaranteed) foundation will be \$8,279 per pupil.
- A **new Section 22n** would appropriate \$22 million for the **higher instructional costs of educating high school pupils**. It is intended that the payments under this section will be equal to \$50 per membership pupil in grades 9 through 12. If the statewide allocation is insufficient to fully fund these payments, the proration would be on an equal per pupil basis.
- A **new Section 29** would appropriate \$7 million for districts that have experienced a **pupil count decline of more than 5%** from FY 2016 to FY 2018. Eligible districts would receive a payment of one-third of their per-pupil foundation grant multiplied by the difference between a two-year average pupil count blend and the district's actual pupil count blend as calculated under Section 6 of the State School Aid Act.
- A **new Section 23f** would appropriate \$60 million for the purpose of paying the per pupil funding for pupils educated in a **share time program** (non-public school pupils in nonessential elective classes) in accordance with Section 166b of the State School Aid Act. These pupils would no longer be funded under Section 20 of the act and the statewide eligibility would be capped at the \$60 million.
- The Executive Recommendation would increase the **Section 31a At Risk** appropriation by \$150 million to a total of \$529 million. Program eligibility would be expanded to all districts (including hold harmless districts). Also, the pupil count used in the calculation would be expanded from free meal eligible pupils to all "economically disadvantaged" pupils. Districts will have 3 years to improve 3<sup>rd</sup> grade English language arts proficiency and 8<sup>th</sup> grade mathematics proficiency for economically disadvantaged pupils and English language learners. Districts failing to meet these metrics would be required to collaborate with the ISD, community organizations and others to recommend operational changes.
- The Executive Recommendation for FY 2018 would maintain the **Section 81 Intermediate School District (ISD) General Operations** at \$67.1 million.
- Total state payments related to **MPSERS Retirement Contributions** would be \$1.1 billion under the Executive Recommendation. The Governor is proposing a 2-year phase-in to reduce the assumed rate of return on investment from 8% to 7.5%. Funding would be included to pay for both the increase in the UAL costs as well as the increase in the normal costs.

Boilerplate language change highlights include the following:

- In recognition of the varying costs of educating pupils based on type of education setting, **pupils enrolled in virtual programs in cyber schools** would generate 80% of the per-pupil foundation allowance.

The summary provided above should not be considered a complete description of the content of the executive proposal. Also, please be advised that changes are likely as the budget makes its way

through the legislative process. Additional information and details on the executive budget proposal can be found [here](#). Click on "Executive Budget Bill - Education."

### **BULLETINS 1011 AND 1014**

The Office of State Aid and School Finance has completed a review of the 2015-16 Financial Information Database (FID) data submitted by each Michigan public school district in accordance with MCL 388.1618(5). These data have been compiled and published in the 2015-16 Bulletin 1011- Analysis of Michigan Public School Districts Revenue and Expenditures and the 2015-16 Bulletin 1014- Michigan Public School Districts Ranked by Select Financial Data. The Bulletin 1014 contains various pieces of financial information about Michigan public schools including revenue and expenditure per pupil. It also includes the fall pupil count, average teacher salary, and taxable value information. The Bulletin 1011 is a financial report that groups districts by size of pupil membership. It contains various pieces of financial information about groups of Michigan Public Schools including balance sheet, revenue and expenditure data. It also includes the fall pupil count and average teacher salary for those groups. Questions related to the Bulletins may be directed to Christopher May at 517-335-1263 or [MayC@michigan.gov](mailto:MayC@michigan.gov).

### **MICHIGAN PUBLIC SCHOOL ACCOUNTING CHANGE NOTICE #25**

An update to the *Michigan Public School Accounting Manual* was distributed on February 9, 2017. The changes listed in the notice are to be implemented for the 2017-18 fiscal year. These changes have been incorporated into the manual, which is available on the Department's website [here](#). Questions related to the change notice should be directed to Christopher May, Office of State Aid and School Finance, at 517-335-1263 or by e-mail at [MayC@Michigan.gov](mailto:MayC@Michigan.gov).

### **KINDERGARTEN EARLY ENROLLMENT**

Section 1147 of the Revised School Code continues to allow parents to notify a district of an early kindergarten enrollment if their child will be 5 years of age by December 1 of the school year. Barring a legislative change, a parent's ability to notify a district of an early enrollment in kindergarten will continue in perpetuity. This should not be confused with the transition of the "5 by" deadline for Great Start Readiness Programs (GSRP) referenced [here](#).

### **DAYS, HOURS OF INSTRUCTION, AND 75% ATTENDANCE REPORTING**

The legislatively mandated days, hours, and 75% attendance reporting requirements have changed for the FY 2017 school year. Accordingly, the Days and Clock Hours application is currently being retooled by CEPI to capture information specific to shortfalls related to the mandated Days, Hours, and Attendance requirements. For FY 2017 and beyond, districts will only report detailed days, hours, or attendance information when the requirements are not met. If all requirements are met the district will simply certify that the requirements were satisfied. Pupil membership auditors must review and certify the district information to be accurate. To certify the accuracy of the information, districts will be required to provide documentation of the degree to which they satisfied each of the requirements to the pupil membership auditor only. If your district does not already have a method for the capture of this information, the Department has prepared a tool for the purpose, located [here](#). Use of this tool is optional, however, districts do need to document their instructional and attendance information for review by the auditor.

### **GENERAL INFORMATION**

- March 22 is the deadline for ISDs to submit to the Center for Educational Performance and Information the Audited FTE Counts for the October 5, 2016 Pupil Membership Count Day.
- February 8 was the FY 2017 Supplemental count date. The Michigan Student Data System (MSDS) records for the Supplemental count date are due to the Center by March 15, 2017 and are to be certified by March 22, 2017.
- Proration for Section 31a – At Risk funding is \$182.5748010225 per pupil.
- The Section 22d(4) funds are being paid at \$44.7674108929 per pupil.
- The Headlee Obligation for Data Collection funds are being paid at a rate of \$25.2714505456 per pupil.

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\*Do you have questions about the information appearing in this UPDATE? Call the consultants identified above or **Phil Boone, State Aid and School Finance, MDE**, phone: 517-335-4059, fax: 517-241-0196, e-mail: [BooneP2@Michigan.gov](mailto:BooneP2@Michigan.gov)