

STATE SCHOOL AID DATA UPDATED FOR MAY

The May state school aid payment is the 8th regular payment of the year and reflects 72.72% of the year's allocation for Sections 22a, 51c, and 22b as well as for most categoricals. Prior year adjustments are made at 100% in a single payment. The payment will post at the districts' banks on Monday, May 21, 2018.

Taxable value figures used to calculate the May payment represent the tax year 2017 values provided by county treasurers via the web-based taxable valuation collection process. Any revisions to taxable values received prior to May 3, 2018 were incorporated into the payment calculation. County treasurers should have reported by that date the taxable valuations as of the date that they settled with the local unit treasurers. The settlement numbers will have value changes from the July and December Boards of Review as well as any other changes since the fourth Monday in May 2017. Districts may want to contact their county treasurers to encourage them to report the revised values if it is apparent that they have not yet done so.

The **membership blend** used to calculate the May payment incorporated all Michigan Student Data System (MSDS) pupil (FTE) counts released to the Department as of April 30, 2018, the date the Department downloaded the pupil counts from the Center for Educational Performance and Information.

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

- Postsecondary Enrollment Incentive – Section 64b (Christopher May, State Aid and School Finance, 517-335-1263, MayC@michigan.gov)
- Early Literacy Teacher Coaches – Section 35a(4) (Kelli Flaminio, Office of Educational Supports, 517-373-7116, FlaminioK@michigan.gov)
- Early Literacy Implementation – Section 35 (Linda Forward, Office of Educational Supports, 517-373-8480, ForwardL@michigan.gov)

SECTION 147e UPDATE AND ACCOUNTING GUIDANCE

Beginning this month, Section 147e – MPSERS Reforms Defined Contribution Payments will now use actual salary data provided by the Office of Retirement Services (ORS) on a quarterly basis and will be paid out at 100% of these quarterly amounts (as opposed to 1/11 of annualized estimates throughout the year). As a result, your allowance this month only may be a negative amount due to actual reimbursement figures being less than annualized estimates used last month.

Section 147e revenue should be accounted for similarly to Section 147a. This is additional revenue for your district to offset its own costs related to employees enrolled in certain MPSERS plans. Therefore, no repayment to ORS is involved, and similar to other Section 147 subsections, the grant code is optional when recording expenditures related to these funds.

The state's reimbursement consists of the 4 percent mandatory employer contribution (effective October 1, 2017) for participants in the Defined Contribution (DC) plan, and the difference between Pension Plus and Pension Plus 2 (effective February 1, 2018) employer normal cost contributions (3.13 percent for the fiscal year ending September 30, 2018).

Questions related to Section 147e and calculated payment amounts may be directed to ORS' Employer Reporting Unit at ORS_Web_Reporting@michigan.gov. Questions related to the accounting of these funds may be directed to Christopher May at MayC@michigan.gov or 517-335-1263.

BUDGET ASSUMPTION REPORTING – EARLY WARNING

Pursuant to Public Act 109 of 2015, each school district and public school academy that has a general fund balance less than 5% of total unrestricted general revenue for either of the 2015-2016 or 2016-2017 school fiscal years is required to submit budget assumptions to the Center for Educational Performance and Information (CEPI).

The Department of Treasury has mailed a letter to school districts and public school academies that are required to submit budget assumptions. The budget assumption data collection period begins June 1, 2018 and is open through July 9, 2018. The Department of Treasury will not declare potential fiscal stress based solely on a school district's or public school academy's budget assumption data.

If you would like more information regarding budget assumptions and early warning, please visit www.Michigan.gov/OSRFA. If you have any questions, please contact Jake Brower at 517-335-8145 or BrowerJ@Michigan.gov.

INDIRECT COSTS

The [indirect cost rate](#) information is available. The new rate information includes Special Education rates for 2017-2018 and preliminary rate information for 2018-2019. Form R0418a, *Costs for the Development of 2018-2019 Federal Indirect Cost Rates*, details the cost data used to calculate preliminary indirect cost rates. Form R0418, *Carryforward Calculation for 2018-2019 Federal Indirect Cost Rates*, shows the results of the preliminary calculation. Form DS-4513 allows a district to edit preliminary cost information to reflect more accurate indirect cost rates. Form DS-4513 is due by June 1, 2018. If you have any questions or comments, please contact Jessica Beagle at 517-241-6435 or BeagleJ1@Michigan.gov.

DEFICIT DISTRICT INFORMATION

Districts incurring a negative general fund balance as of June 30, 2018 or adopting a 2018-2019 deficit budget are required to submit a Deficit Elimination Plan (DEP) to the Department 30 days after the local school board adopts the budget or 30 days after the state school aid budget is enacted, whichever is later.

Districts incurring a negative general fund balance as of June 30, 2018 should contact the State Aid and School Finance Unit. The DEP template is available on our website. Questions should be directed to Chad Urchike at 517-335-1261 or UrchikeC1@Michigan.gov.

MAY REVENUE ESTIMATING CONFERENCE

Leaders from the House and Senate Fiscal Agencies and the State Treasurer met for the May Revenue Estimating Conference on May 16, 2018. The purpose of the conference is to reach a consensus on the current fiscal year (2017-2018) revenues and the projected revenues for fiscal year 2018-2019. The results show slight increases to both the General Fund and the School Aid Fund when compared to previous estimates. It remains to be seen how this will impact the FY 2019 school aid budget. For more information regarding the revenue estimating conference, please visit the [House Fiscal Agency website](#) and/or the [Senate Fiscal Agency website](#).

GENERAL INFORMATION

- The proration factor for Section 31a At-Risk funding is 88.02388639%.
- The Section 22d(4) Isolated District funds are paid at \$45.7518055932 per pupil.
- The Headlee Obligation for Data Collection funds are paid at \$25.3769961959 per pupil.

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