

# STATE SCHOOL AID UPDATE

Michigan Department of Education



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## **OCTOBER 22, 2012 PAYMENT IS THE FIRST INSTALLMENT FOR FY2013**

The first in the 11-payment schedule of school aid payments for FY 2013 is being made on Monday, October 22, 2012. The payment reflects foundation grants equal to \$6,966 for any district or public school academy with a foundation grant less than that in FY 2012 and a foundation grant equal to the FY 2012 foundation grant for all others. 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 2012 figures provided by the county treasurers via the web based reporting system. These data can be viewed by school district personnel on the Department's website. The URL is <http://mdoe.state.mi.us/taxablevalue>. To view your data click on "Public Access," and then choose your district code and the applicable tax year from the drop down menu. **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, most public school academies, and intermediate districts, the figure used in place of the October 3, 2012 pupil count (which has not yet been received) is the October 5, 2011 count. For first year 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 7, 2012 and required to be certified by November 14, 2012. Questions related to the membership blend used in the October payment should be directed to Brian Ciloski, Office of State Aid and School Finance, (517) 373-3352 or e-mail at [CiloskiB@Michigan.gov](mailto:CiloskiB@Michigan.gov).

**Categoricals with updated allocation amounts** include: School Lunch (31d), Great Start Readiness Program (32d), Great Start Competitive Grant (32i), Early Childhood Block Grant (32p), Special Education Rules Changes (51a(6)), Vocational Education Added Cost (61a), ISD General Operation Funds (81), Court Placed Children (24), Special Education (53) and Adult Education (107). The Department of Treasury has updated the Renaissance Zone (26a) funds. The Workforce Development Agency has updated the Adult Education (107) funds. Those districts that notified the Workforce Development Agency that the district intends to continue to operate its individual program or the district intends to continue to operate as the fiscal agent for a consortium will receive funding in the October payment.

**Prior Year Adjustments** in the October payment include Section 107 Adult Education (FY 2012), Section 74 Bus Driver Safety (FY 2012) and the Renaissance Zone (26a) (FY 2012) funds.

Questions about Adult Education program funding should be directed to Sandy Thelen, Work Force Development Agency, Adult Education Office (517) 373-3395 or [ThelenS@Michigan.gov](mailto:ThelenS@Michigan.gov). Questions about the Renaissance Zone funding should be directed to Howard Heideman, Treasury Department, Office of Revenue and Tax Analysis, (517) 373-9002 or [HeidemanH@Michigan.gov](mailto:HeidemanH@Michigan.gov). The contact person for all other inquiries can be obtained from the **FY 2013 School Aid Information Directory** on the Department's website at: [http://www.michigan.gov/documents/whotocall-041702\\_18607\\_7.pdf](http://www.michigan.gov/documents/whotocall-041702_18607_7.pdf).

## **GENERAL INFORMATION REGARDING FY 2013 SCHOOL AID**

The **per-pupil foundation grants** for FY 2013 are equal to \$6,966 for any district or public school academy with a foundation grant less than that in FY 2012 and a foundation grant equal to the FY 2012 foundation grant for all others. Districts that received per pupil foundation grant adjustments subsequent to the implementation of the school finance reform known as Proposal A under Sections 20(17), 20(18), 20(21), and 20(22) had those adjustments reduced by 50% for FY 2012. They

have been eliminated for FY 2013. Districts that had former Section 32e small class size funds added to their per pupil foundation grants since the implementation of Proposal A will continue to see those adjustments reduced by 31.5% as they were in FY 2012.

The **Section 22a Proposal A** state amount per pupil is calculated as the district's FY 1995 foundation allowance minus the FY 2013 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 local revenue per pupil used in the calculation is printed on the State Aid Financial Status Report.** The Section 22a per pupil amount is multiplied by the district's total FY 2013 blended membership to generate the Section 22a payment amount.

The **Section 51c Special Education Headlee Obligation** payment is equal to the district's FY 2013 special education instructional costs multiplied by .286138 plus the district's 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 Section 20, and 51a, the amounts calculated under those sections determine the payment amounts under Section 22b. After making payments under Section 22a and 51c, the **Section 22b Discretionary Payment** is paid, which is equal to the sum of the amounts calculated under Sections 20, 51a(2), 51a(3), and 51a(12) minus the amounts paid in 22a and 51c. The formulas used in the calculations under 20, 51a(2), 51a(3), 51a(12) have not changed for FY 2013.

The **membership blend** for FY 2013 remains at 90% of the October count and 10% of the prior February 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. 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 10%-90% 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(2)** 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 2011 blend and the 10%-90% blend for FY 2012 and FY 2013 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 [http://www.michigan.gov/documents/squaremiles\\_11742\\_7.pdf](http://www.michigan.gov/documents/squaremiles_11742_7.pdf).

The **instructional time requirement** for FY 2013 remains at 1,098 hours. There continues to be a requirement to be in session a minimum number of days. Language in Section 101(3) of the state School Aid Act requires a minimum of 170 days in FY 2013 **but no fewer days than the district provided in FY 2010.** Districts may continue to count up to 38 hours of professional development as instructional time. Online professional development is encouraged, but not required. Districts that had a collective bargaining agreement in place prior to August 15, 2006 which provided for more than 38 hours but not more than 51 hours may count additional hours not to exceed 51 in total until the expiration of the agreement. 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:

- 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.

**NOTE:** As mentioned in previous communications from the Department, **kindergarten pupils are no longer an exception to the 1,098 hour requirement.** Questions related to pupil counts and instructional time should be directed to Brian Ciloski, Office of State Aid and School Finance, (517) 373-3352 or e-mail at [CiloskiB@Michigan.gov](mailto:CiloskiB@Michigan.gov).

**The payment schedule** continues to provide state school aid payments on the 20<sup>th</sup> of each month from October through August at 1/11<sup>th</sup> of the annualized amount being paid on each of those dates. When the 20<sup>th</sup> of the month falls on a non-business day, the payment will be made on the **immediately subsequent business day.** The July and August payments must be accrued to the immediately preceding school fiscal year. The FY 2013 payment dates will be on the 20<sup>th</sup> of each month except for the following dates: Monday, October 22, 2012, Tuesday, January 22, 2013, Monday, April 22, 2012, and Monday, July 22, 2013.

To see the FY 2013 school aid budget amendments in their entirety and a more detailed analysis go to [www.Michiganlegislature.org](http://www.Michiganlegislature.org) and key in 5372 when prompted for a bill number.

### **SECTION 22J PERFORMANCE-BASED FUNDING**

The school aid amendments for FY 2013 include a new Section 22j that allocates \$30 million for districts that meet prescribed student academic achievement goals. Using the metrics approved in the State School Aid Budget by the Michigan Legislature and signed into law by Governor Snyder (Public Act 201 of 2012), the disbursement (11 monthly payments) begins with each eligible district's October 2012 state school aid payment. These are district-level calculations and every district was potentially eligible for up to \$100 per pupil in Performance-Based Bonus funding. Using the designated student academic performance-level change metric in the statute, districts could qualify for three parts of the bonus: \$30 per pupil based on mathematics performance level change in elementary and middle school; \$30 per pupil based on reading performance level change in elementary and middle school; and \$40 per pupil based on the proficiency rate of students who are proficient on all tested subjects in high school. Districts could qualify for none, some, or all, of the bonus.

Eligible districts will see these funds on the State School Aid Financial Status report in the Section labeled "Current Year Allowances" on a line labeled "22j PERFORMANCE-BASED FUNDING." Because the funding is based on the district's pupil count, the allowance amounts will change as updated pupil counts are received by the Department. A spreadsheet that shows which of the 3 components of the Performance Funding that each eligible district qualifies for can be found on the Office of State Aid and School Finance website at:

[http://www.michigan.gov/mde/0,4615,7-140-6530\\_6605-288549--,00.html](http://www.michigan.gov/mde/0,4615,7-140-6530_6605-288549--,00.html)

If you have any questions on the calculation of the performance-based bonus, you can contact the Office of Psychometrics, Accountability, Research and Evaluation at 877-560-8378 (option 6) or by email at [mde-accountability@michigan.gov](mailto:mde-accountability@michigan.gov).

### **SECTION 22F BEST PRACTICES FUNDING**

As reported in prior UPDATES, the school aid amendments for FY 2013 include \$80 million in Section 22f Best Practice Funding to be paid out at the rate of \$52 per pupil to districts that meet at least 7 of 8 "best practices" by June 1, 2013. The Department's Financial Best Practices Incentive Guidance indicating the requirements that districts must meet to qualify for the Section 22f funds is available on the Department's website at [http://www.michigan.gov/mde/0,1607,7-14-6530\\_6605-258500--,00.html](http://www.michigan.gov/mde/0,1607,7-14-6530_6605-258500--,00.html). Funds will be distributed to school districts pursuant to the school aid payment schedule beginning with the payment following receipt of the board resolution required by the guidance. Questions related to the best practices incentive should be directed to Glenda Rader, Office of State Aid and School Finance, at (517) 335-0524 or by e-mail at [RaderG@Michigan.gov](mailto:RaderG@Michigan.gov).

Twenty-eight districts submitted a resolution in time to receive the first installment of the funds in the October 2012 payment. We will continue to update a report listing the districts that have submitted the resolutions along with the requirements met and the date that the resolutions were received. That report may be found at the following url:

[http://www.michigan.gov/documents/mde/district\\_resolutions\\_for\\_best\\_practice\\_364369\\_7.pdf](http://www.michigan.gov/documents/mde/district_resolutions_for_best_practice_364369_7.pdf)

## **PSERS RETIREMENT OFFSET**

School aid continues to include Section 147a funding that appropriates \$155 million for payments to districts participating with the Public School Employees Retirement Service (PSERS). These funds are to be used solely for the purpose of offsetting a portion of the retirement contributions owed by the district for FY 2013. The amount allocated to each district is based on each participating district's percentage of the total statewide payroll for all participating districts for the state fiscal year ending September 30, 2012. In order to process these funds the Department needs the payroll data for the fiscal year ending September 30, 2012. It is anticipated that the data will be available in time to process the Section 147a PSERS Offset funds with the November 2012 payment. Questions related to the PSERS offset funds should be directed to Glenda Rader, Office of State Aid and School Finance, at (517) 335-0524 or by e-mail at [RaderG@Michigan.gov](mailto:RaderG@Michigan.gov).

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

All local and intermediate school districts as well as public school academies that received state school aid during FY 2012 are required to electronically submit their financial data to the Financial Information Database (FID) by November 15, 2012. Questions related to the financial data required in this submission may be directed to Glenda Rader at (517) 335-0524 or e-mail at [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. The authorization does not have to be renewed each year. 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.

## **STATE SCHOOL AID ACT SECTION 25**

Language in Section 25 of the State School Aid Act now allows a district to claim a partial FTE for pupils that transfer from one district to another after the Pupil Membership Count Day. A meeting is scheduled for October 18, 2013 to clarify remaining questions regarding the implementation of this language. Guidance related to that implementation will be sent from the Department following that meeting. Thank you for your patience.

## **GENERAL INFORMATION**

- 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, 2012. Also, districts are required to report by November 1 to the local health department the immunization status of all pupils who are enrolled in grade 6 in the district or ISD. (Patty Lawless, (517) 373-1122 or [LawlessP@Michigan.gov](mailto:LawlessP@Michigan.gov)).
- The **FY 2012 Michigan Student Data System (MSDS) Records (including State Aid FTE Counts)** for the October 3, 2012 count date are to be submitted to the Center for Educational Performance Information by November 7, 2012 and certified by November 14, 2012. (CEPI (517) 335-0505 (option 3) or [CEPI@Michigan.gov](mailto:CEPI@Michigan.gov)).
- **November 15** is the deadline for local districts (including PSAs) to file their **FY 2012 financial audit reports** with the ISD and the Department. It is also the date for the ISD to file its own **financial report with the Department** and the **pupil membership audit reports** for its constituent districts in the Michigan Student Data System. (Naomi Krefman, (517) 335-6858 or [KrefmanN@Michigan.gov](mailto:KrefmanN@Michigan.gov)).
- **Proration factors:** Section 31a – At Risk \$304.883233168. The Section 152a Headlee Obligation for Data Collection funds are being paid at a rate of \$24.3081261105 per pupil.

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Do you have questions above the information appearing in this Update? Call the consultants identified above or **Dan Hanrahan, Director, State Aid & School Finance, MDE**, phone : (517) 335-0421 fax (517) 241-0196, e-mail [HanrahanD@Michigan.gov](mailto:HanrahanD@Michigan.gov).