

OCTOBER 20, 2016 PAYMENT IS THE FIRST INSTALLMENT FOR FY 2017

The first in the 11-payment schedule of school aid payments for FY 2017 is being made on Thursday, October 20, 2016. The payment reflects foundation grants that represent increases of up to \$120 per pupil, based on the 2X formula (see related item below). 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 2016 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](https://mdoe.state.mi.us/taxablevalue) is <https://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 5, 2016 pupil count (which has not yet been received) is the October 7, 2015 count. The membership blend formula continues to be 90% of the current school year October count and 10% of the prior school year supplemental count (February 10, 2016 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 9, 2016 and required to be certified by November 16, 2016. Questions related to the membership blend used in the October payment should be directed to Brian Ciloski, Office of State Aid and School Finance, at 517-373-3352 or CiloskiB@Michigan.gov.

Categoricals with updated allocation amounts include: School Lunch (31d), Great Start Readiness Program (32d), Special Education Rules Changes (51a(6)), ISD General Operation Funds (81), Court Placed Children (24), Isolated Districts (22d.4), Early Childhood Block Grants (32p), Court and State Agency Placed Pupils (53a), Bus Driver Safety (74), and School Bus Inspections (74.4).

P.A. 313 AMENDS STATE SCHOOL AID ACT SECTION 25E

Among other things, House Bill 5291 enacted as P.A. 313 on October 6, 2016 amends Section 25e of the State School Aid Act to allow all districts and PSAs to count a prorated share of the FTE for pupils who were counted in another district on the October count day and transfer in prior to the February count day. A prior amendment to Section 25e would have limited the authority to count a prorated share of the FTE for transfer pupils to strict discipline academies.

GENERAL INFORMATION REGARDING FY 2017 SCHOOL AID

The **FY 2017 foundation allowance** for a district that had a FY 2016 foundation allowance of \$7,391 is \$7,511 ($\$7,391 + (2 \times \$60)$).

The FY 2017 foundation allowance for a district that had a FY 2016 foundation allowance between \$7,391 and \$8,169 will be based on a formula as follows:

FY 2016 Foundation + \$120 - [$\$40 \times (\text{FY 2016 Foundation} - \$7,391) / \$838$] or \$8,229, whichever is less.

Districts with a FY 2016 foundation allowance of \$8,169 or more will have a FY 2017 foundation allowance equal to their FY 2016 foundation allowance plus the product of their FY 2016 foundation times .001 (see related item of new Section 20m below).

Pursuant to language in Section 1211 of the Revised School Code, the allowable increase to a “hold harmless” district’s per pupil foundation is limited to an inflationary increase. Due to the low inflationary rate (.1%) used to cap the FY 2017 foundation increases for hold harmless districts, their increase in all cases is less than the \$60 increase in the basic foundation. A **new Section 20m** has been enacted that allocates to hold harmless districts an amount equal to the difference between \$60 and the increase in the district’s per pupil foundation for each General Education pupil counted in membership. A hold harmless district that has local revenue greater than the sum of their 2017 foundation and the per pupil allocation under Section 20m is not eligible to receive the Section 20m funding.

The **Section 22a Proposal A** state amount per pupil is calculated as the district’s FY 1995 foundation allowance minus the FY 2017 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 2017 blended membership to generate the Section 22a payment amount.

The **Section 51c Special Education Headlee Obligation** payment is equal to the district’s FY 2017 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 Sections 20 and 51a, the amounts calculated under those sections determine the payment amounts under Section 22b. After making payments under Sections 22a and 51c, **the Section 22b Discretionary Payment** is paid, which is equal to the sum of the amounts calculated under Sections 20, 20m, 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), and 51a(12) have not changed for FY 2017.

As mentioned above, the **membership blend** formula has not been changed for FY 2017. The current formula is 90% of the October count and 10% of the **prior** February count. As in the past, there are exceptions for PSAs in their 1st or 2nd 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)). 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 90%-10% 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 standard blends for FY 2015, FY 2016, and FY 2017, 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.

The **instructional time requirement** for FY 2017 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 raises the required minimum to 180 days of instruction for FY 2017. **Professional development time** cannot be counted as instructional time. Exceptions to the 1,098-hour 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).

In addition, up to 3 hours per week of *travel time between instructional sites* can be counted as instructional time for certain pupils; the Department under certain circumstances may grant additional travel time.

Questions related to pupil counts and instructional time should be directed to Brian Ciloski, Office of State Aid and School Finance, at 517-373-3352 or CiloskiB@Michigan.gov.

The payment schedule continues to provide state school aid payments on the 20th of each month from October through August at 1/11th of the annualized amount being paid on each of those dates. When the 20th 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 2017 payment dates will be on the 20th of each month except for the following dates: Monday, November 21, 2016; Tuesday, February 21, 2017; Monday, May 22, 2017; and Monday, August 21, 2017.

To view the FY 2017 school aid budget amendments in their entirety and for a more detailed analysis of the language, visit the Michigan Legislature [website](http://www.MichiganLegislature.org) (www.MichiganLegislature.org) and key in 801 when prompted for a bill number.

ELIMINATED CATEGORICALS

Please note that Section 22i (Technology Infrastructure funding) has been eliminated for FY 2017.

SECTION 102d

Language in Section 102d (MCL 388.1702d) of the State School Aid Act provides \$1.5 million in FY 2017 to be paid for reimbursements to school districts for the licensing of school data analytical tools. To qualify for reimbursement, contracts with approved vendors must be in place by December 1, 2016. Munetrix and Eidex are approved vendors again this year. Section 102d states that up to two additional vendors may be approved, with contracts expected to be in place by mid-November. This year, Intermediate School Districts are eligible for reimbursement. Consequently, if an intermediate district has purchased the license for constituent districts, the funds will be paid to the ISD. Districts must provide a purchase order to their vendor. The vendor will then provide the Department with the applicable information needed to process the reimbursement. The Department will determine the sum of the funding requests and, if there are sufficient funds, will pay 1/2 of the costs of the contracts. Any funds remaining after the calculation and payment will be distributed on an equal per-pupil basis, with an intermediate district's pupils considered to be the sum of the pupil memberships of the constituent districts for which the intermediate district is purchasing the financial data analytical tool. Funds will be distributed in a state school aid payment subsequent to the December payment. Questions related to this item may be directed to Jeff Kolb, Office of State Aid and School Finance, at 517-373-1908 or KolbJ2@Michigan.gov.

MPSERS RETIREMENT OFFSET

Sections 147a and 147c payments are scheduled to begin with the November payment. Your district will receive 18.18% of the annual amount in the November State Aid payment and 9.09% in the remaining FY 2017 payments. If you have questions regarding the related invoices and payments due to ORS, contact ORS at 517-636-0166 or ORS_WEB_Reporting@michigan.gov. Questions related to accounting for the payments may be directed to Phil Boone, Office of State Aid and School Finance, at 517-335-4059 or BooneP2@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 2016, are required to electronically submit their financial data to the Financial Information Database (FID) by **November 1, 2016**. Questions related to the financial data required in this submission may be directed to Chris May, Office of State Aid and School Finance, at 517-335-1263 or MayC@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 the [CEPI website](http://www.Michigan.gov/CEPI) (www.Michigan.gov/CEPI) and click on "CEPI Applications" from the left-side navigation bar, and then on "Financial Information Database." Click on the "FID/SE-4094 Security Form" link to download the agreement. Questions related to accessing the system or submission of data to the FID may be directed to the DTMB Client Service Center by e-mail at 517-335-0505 or Help-Desk@Michigan.gov.

BUDGET TRANSPARENCY UPDATE

There were no new data elements added to the Budget Transparency requirements for 2016-17, as found in Section 18(2) of the State School Aid Act (MCL 388.1618). Below are some general Budget Transparency reminders:

- Please visit our [website](http://www.michigan.gov/sasf) (www.michigan.gov/sasf) to view our Budget Transparency guidance, which contains detailed information on all the required data elements, a website template, and examples of the reports required.
- Language was added last year, which imposes a state school aid penalty on those schools that do not comply with Budget Transparency. With the help of ISDs and PSA authorizers, the Department can mitigate the withholding of state aid.
- Department correspondence to LEAs will include a copy to their ISD and correspondence to PSAs will include a copy to their authorizer.
- On December 1, 2016, the Department will begin reviewing websites for compliance. If your website is ready for review, you do not have to wait for our review. Please e-mail or call Chad Urchike. We will review your website and provide immediate feedback.
- Please direct Budget Transparency inquiries to Chad Urchike, at 517-335-1261 or UrchikeC1@Michigan.gov.

PA 173 of 2015 amended the Revised School Code, and requires districts to post teacher and administrator evaluation tools on their website. **NOTE:** Districts are only required to post the Educator Evaluation Systems Postings and Assurances documents, not actual employee evaluations. This information should be posted at the bottom (the very last posting) of your Budget Transparency page, under the heading: **Educator Evaluation Systems Postings and Assurances**. Please post this information as soon as possible.

Questions regarding Budget Transparency and the placement of the evaluation tools should be directed to Chad Urchike, at 517-335-1261 or UrchikeC1@Michigan.gov. Questions regarding these postings and assurances documents should be directed to Chanel Hampton, 517-335-8776 or HamptonC3@michigan.gov.

GENERAL INFORMATION

- Districts are required to report by **November 1** to the local health department the **immunization status** of all pupils entering kindergarten or a new school in grades 1-12. 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 7 in the district or ISD for the first time between January 1, 2016 and September 30, 2016. (Patty Lawless, 517-373-1122 or LawlessP@Michigan.gov).
- The **FY 2017 Michigan Student Data System (MSDS) Records (including State Aid FTE Counts)** for the October 5, 2016 count date are to be submitted to the Center for Educational Performance Information by November 9, 2016 and certified by November 16, 2016. (CEPI Customer Support 517-335-0505 (option 3) or CEPI@Michigan.gov).
- **November 1** is the deadline for local districts (including PSAs) to file their **FY 2016 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).
- **Proration factors:** Section 31a - At Risk \$182.0307362603. Section 22d(4) Isolated District funds are paid at \$44.7789199360 per pupil. Section 152a - Headlee Obligation for Data Collection funds are being paid at a rate of \$25.1893486597 per pupil.

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, at 517-335-0421, or via fax at 517-241-0196, or via e-mail at HanrahanD@Michigan.gov.