

SIGMA VENDOR SELF-SERVICE (Replacement for Contract Payment & Express)

The State of Michigan has upgraded its financial and business systems to a new system, SIGMA. Contract & Payment Express (C&PE) has transitioned to [SIGMA Vendor Self Service](#) (VSS) for maintaining vendor information.

Vendors registered and active in Contract & Payment Express (C&PE) were converted to SIGMA VSS. All of your active address, banking, and information was securely transferred to SIGMA VSS. It is important for you to claim your account and set up user roles in [SIGMA VSS](#).

A Vendor Support Call Center is available to assist by calling 888-734-9749 or emailing SIGMA-Vendor@Michigan.gov.

IMPORTANT UPDATE

For school districts that are setup to receive EFT payments, the data in the following three fields is slightly different from the values that were in these fields for payments made by the State of Michigan through September 30, 2017. If a payment received by your bank through EFT is distributed to multiple accounts through an automated process and that distribution is based on the description in any of these fields, it may not be recognized and handled properly because they do not match exactly. These three standard EFT payment fields below will begin with the October 20, 2017 payment.

- Originator of the payment – **STATE OF MICHIGAN**
- Payment Description – **PMT/REFUND**
- Originator ID – **010VENDORS**

OCTOBER 20, 2017 PAYMENT IS THE FIRST INSTALLMENT FOR FY 2018

The first in the 11-payment schedule of school aid payments for FY 2018 is being made on Friday, October 20, 2017. 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 2017 figures provided by county treasurers via the web based reporting system. These data can be viewed by school district personnel on the [Department's website](#). 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 4, 2017 pupil count (which has not yet been received) is the October 5, 2016 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 8, 2017 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 8, 2017 and required to be certified by November 15, 2017. 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), and Bus Driver Safety (74).

GENERAL INFORMATION REGARDING FY 2018 SCHOOL AID

The **FY 2018 foundation allowance** for a district that had a FY 2017 foundation allowance of \$7,511 is \$7,631 ($\$7,511 + (2 \times \$60)$).

The FY 2018 foundation allowance for a district that had a FY 2017 foundation allowance between \$7,511 and \$8,229 will be based on a formula as follows:

FY 2017 Foundation + \$120 - [$\$40 \times (\text{FY 2017 Foundation} - \$7,511) / \$778$] or \$8,289, whichever is less.

For hold harmless districts that received a FY 2017 foundation allowance supplemental payment under Section 20m, the foundation allowance will increase by an amount equal to the district's FY 2017 20m per pupil amount plus the FY 2018 increase of \$60, capped at a CPI of 1.26%. The increase in excess of the inflationary cap will be paid out as 20m for FY 2018 (as shown on Page 2 of the status report).

The **Section 22a Proposal A** state amount per pupil is calculated as the district's FY 1995 foundation allowance minus the FY 2018 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 2018 blended membership to generate the Section 22a payment amount.

The **Section 51c Special Education Headlee Obligation** payment is equal to the district's FY 2018 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 2018.

As mentioned above, the **membership blend** formula has not been changed for FY 2018. 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)(x) 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 2016, FY 2017, and FY 2018, 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 website](#).

The **instructional time requirement** for FY 2018 remains at 1,098 hours. There continues to be a requirement to be in session a minimum of 180 days. **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 2018 payment dates will be on the 20th of each month except for the following dates: Monday, January 22, 2018; and Monday, May 21, 2018.

To view the FY 2018 school aid budget amendments in their entirety and for a more detailed analysis of the language, visit the Michigan Legislature [website](#) and key in 4235 when prompted for a bill number.

ELIMINATED CATEGORICALS

Please note that Section 22g (Consolidation Innovation Grants) and Section 31c (Gang Prevention) have been eliminated for FY 2018.

FISCAL YEAR 2018 SECTION 102D FUNDING

Language in Section 102d (MCL 388.1702d) of the State School Aid Act provides \$1.5 million in FY 2018 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, 2017. Munetrix, Eidex, and Forecast5 Analytics remain approved vendors. This year, Ernst & Young and Tangenz have been added as eligible vendors. Again 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.

FISCAL YEAR 2018 SECTION 31A AT-RISK FUNDING

Pupil eligibility for this section has been expanded and will be determined using the economically disadvantaged pupils reported to CEPI in the immediately preceding fiscal year. "Economically disadvantaged" means a pupil who has been determined eligible for free or reduced-price meals; who is in a household receiving supplemental nutrition assistance program or temporary assistance for needy families assistance; or who is homeless, a migrant, or in foster care, as reported to CEPI.

Each membership pupil determined to be economically disadvantaged will receive an amount equal to 11.5% of the statewide weighted average foundation allowance (instead of the district's foundation allowance).

Districts with a combined state and local revenue per membership pupil under Sections 20 and 20m that is greater than the basic foundation allowance under Section 20 will also be eligible, however, the allocation shall be an amount equal to 30% of the allocation for which it would otherwise be eligible, before any proration.

Proration (if necessary) will be calculated using an equal percentage per district instead of reducing by a per pupil amount.

NOTE: Allocations published on the October 20, 2017 status reports are incorrect. Staff discovered an issue with the proration. Allocations will be revised with the November 2017 payment, and revised allocation estimates may be viewed [here](#), with districts receiving 88.21981892% of the calculated allocation after proration.

MPSERS RETIREMENT CATEGORICALS

Sections 147a and 147c(1) 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 2018 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 Christopher May, Office of State Aid and School Finance, at 517-335-1263 or MayC@Michigan.gov.

Section 147c(2) MPSERS One Time Deposit

This section appropriates an allocation of \$200 million to school districts, community colleges, and libraries to make additional payments towards reducing the amortization period of the 2010 early retirement incentive costs. This has been paid in a single installment as part of the October payment. The amount allocated was based on each participating entity's proportion of the total covered payroll for the fiscal year ending September 30, 2016.

This revenue should be recorded the same as Section 147c funds (Major Class 312, Suffix 0000). The Office of Retirement Services (ORS) will bill districts for these amounts, similar to how Section 147c payments are handled. Expenditures of these funds should include the Grant Code of 208x, which encompasses all Section 147 funds. Districts wishing to track Section 147c(2) funds separately should use the fourth digit of the grant code for internal tracking purposes. Questions regarding this guidance may be directed to Christopher May at 517-335-1263 or MayC@michigan.gov.

FINANCIAL INFORMATION DATABASE/ACCOUNTING REMINDERS

All local and intermediate school districts, as well as public school academies that received state school aid during FY 2017, are required to electronically submit their financial data to the Financial Information Database (FID) by November 1, 2017. Questions related to the financial data required in this submission may be directed to Christopher May 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. 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 cepi@michigan.gov.

Carryover of Section 35a(6) Additional Instructional Time Grant

Due to a change in subsection numbers, expenditures of Section 35a(6) funds awarded in 2015-16 and carried over to 2016-17 will require the use of a different Grant Code. In 2015-16, this program was authorized by Section 35a(6) and Grant Code 367 was to be used for grant expenditures. In 2016-17, this program is now authorized by Section 35a(5) with a Grant Code of 366, and Grant Code 367 has been deactivated and is no longer allowable to be used for FID reporting purposes. Please ensure Grant Code 366 is used for the expenditures of these funds carried over from 2015-16. Questions regarding this guidance may be directed to Christopher May at 517-335-1263 or MayC@michigan.gov.

BUDGET TRANSPARENCY UPDATE

There were no new data elements added to the Budget Transparency requirements for 2017-18, 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](#) to view the Budget Transparency guidance, which contains detailed information on all the required data elements, a website template, and examples of the reports required.
- There is a state school aid penalty for 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.
- On December 1, 2017, 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.

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, 2017 and September 30, 2017. (Nicole Kramer, 517-373-4354 or KramerN@Michigan.gov).
- The **FY 2018 Michigan Student Data System (MSDS) Records (including State Aid FTE Counts)** for the October 4, 2017 count date are to be submitted to the Center for Educational Performance Information by November 8, 2017 and certified by November 15, 2017. (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 2017 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. Failure to file these reports will result in the withholding of state aid. (Naomi Krefman, 517-335-6858 or KrefmanN@Michigan.gov).
- **Proration factors:** Section 22d(4) Isolated District funds are paid at \$44.8079990486 per pupil. Section 152a - Headlee Obligation for Data Collection funds are being paid at a rate of \$25.3057675640 per pupil.

Do you have questions above the information appearing in this Update? Call the consultants identified above or **Phil Boone, Director, State Aid & School Finance, MDE**, at 517-335-4059, or via fax at 517-241-0196, or via e-mail at BooneP2@michigan.gov.