

OCTOBER 21, 2019 PAYMENT IS THE FIRST INSTALLMENT FOR FY 2020

The first in the 11-payment schedule of school aid payments for FY 2020 is being made on Monday, October 21, 2019. The payment reflects foundation grants representing increases of up to \$240 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 2019 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 2, 2019 pupil count (which has not yet been received) is the October 3, 2018 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 13, 2019 count). For first year public school academies, a preliminary pupil count is being used which was reported on 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 6, 2019 and required to be certified by November 13, 2019. Questions related to the membership blend used in the October payment should be directed to Brian Ciloski at 517-241-2209 or CiloskiB@Michigan.gov.

Categoricals with updated allocation amounts include: School Lunch (31d), Great Start Readiness Program (32d), ISD General Operation Funds (81), Court Placed Children (24), Early Childhood Block Grants (32p), and Court and State Agency Placed Pupils (53a).

GENERAL INFORMATION REGARDING FY 2020 SCHOOL AID

The FY 2020 foundation allowance for a district that had a FY 2019 foundation allowance of \$7,871 is \$8,111 ($\$7,871 + (2 \times \$120)$).

The FY 2020 foundation allowance for a district that had a FY 2019 foundation allowance between \$7,871 and \$8,409 will be based on a formula as follows:

$FY\ 2019\ Foundation + \$240 - [\$80 \times (FY\ 2019\ Foundation - \$7,871) / \$658]$ or \$8,529, whichever is less.

The FY 2020 foundation allowance for a Public School Academy continues at the 2019 foundation allowance of \$7,871.

The **Section 22a Proposal A** state amount per pupil is calculated as the district's FY 1995 foundation allowance minus the FY 2020 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 2020 blended membership to generate the Section 22a payment amount.

The **Section 51c Special Education Headlee Obligation** payment is equal to the district's FY 2020 special education instructional costs multiplied by 0.286138 plus the district's special education transportation costs multiplied by 0.704165. Remember that **prior year cost numbers are used as estimates** until actual cost figures are obtained.

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 2020.

As mentioned above, the **membership blend** formula has not been changed for FY 2020. The formula is 90% of the current year 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% formula, 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 2018, FY 2019, and FY 2020, as opposed to using any prior year three-year average blends in the calculation.** Language in Section 6(4)(y) continues to allow 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 2020 remains at 1,098 hours. There continues to be a requirement to be in session a minimum of 180 days. 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.

New for 2019-20, a district may count up to 38 hours of qualifying professional development time for teachers as hours of pupil instruction if all of the following requirements are satisfied:

- A district-wide professional development advisory committee appointed by the district board recommends at least 8 hours of the professional development. The advisory committee must be composed of teachers employed by the district who represent a variety of grades and subject matter specializations, including special education; nonteaching staff; parents; and administrators. The majority membership of the committee shall be composed of teaching staff.
- If the professional development is provided online, the district must have approved the instruction.
- The professional development hours are used to offset instructional time for pupils whose teachers participated in the professional development.
- For professional development to be considered qualifying professional development under this subsection, the professional development must meet all of the following:
 - The professional development is aligned to the school or district improvement plan for the school or district in which the professional development is being provided.
 - The professional development is linked to 1 or more criteria in the evaluation tool developed or adopted by the district or intermediate district under Section 1249 of the Revised School Code, MCL 380.1249.

- The department has approved the professional development and confirmed it may be counted for state continuing education clock hours. The number of hours of professional development counted as hours of pupil instruction may not exceed the number of state continuing education clock hours for which the qualifying professional development was approved.
- Not more than a combined total of 10 hours of the professional development takes place before the first scheduled day and last scheduled day of school for that school year.
- No more than 10 hours of qualifying professional development takes place in a single month.
- At least 75% of teachers scheduled to participate in the professional development are in attendance.

If the district meets the above requirements, and if the qualifying professional development exceeds 5 hours in a single day, that day may be counted as a day of pupil instruction.

Questions related to pupil counts and instructional time should be directed to Brian Ciloski, at 517-241-2209 or CiloskiB@Michigan.gov.

Programmatic questions regarding qualifying professional development should be directed to the Office of Educator Excellence, Mde-educatorhelp@michigan.gov or 517-241-5000.

MPSERS RETIREMENT CATEGORICALS

Sections 147a(1) Cost Offset, 147a(2) Normal Cost Offset, and 147c(1) UAAL Rate Stabilization 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 2020 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 at 517-335-1263 or MayC@Michigan.gov.

Section 147e for Defined Contribution Added Costs for FY 2020 will include costs for the period of July 1, 2019 thru June 30, 2020; and will be paid on a quarterly basis in the months of November, February, May, and August. The costs for the period ending June 30, 2019 were fully paid in the FY 2019 August payment.

Section 22d Isolated District Funding: This section has been vetoed and will not be paid in FY 2020.

Other Vetoes or partial vetoes include: Sections 25f, 25g, 31b, 31j, 35a, 35b, 35c, 35d, 41, 54c, 54e, 55, 61a(4), 61b, 61c, 61d, 61f, 64d, 67a, 67b, 95b, 95bb, 97, 97a, 98, 99h, 99t, 99u, 99v, 99w, 99x, 99z, 102d, 104d, and 152b.

Section 20f Categorical Offset Payments: The per pupil amount maintains for FY 2020.

Section 22n High School Pupil Support: This section has been repealed and will not be paid in FY 2020.

Section 81 ISD General Operations Support: ISDs will receive an amount equal to 101% of the amount allocated to the intermediate district for FY 2019.

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 2020 payment dates will be on the 20th of each month except for the following dates: Monday, October 21, 2019; and Monday, June 22, 2020.

To view the FY 2020 school aid budget amendments in their entirety and for a more detailed analysis of the language, visit the Michigan Legislature [website](#) and key in 4242 when prompted for a bill number.

FISCAL YEAR 2020 SECTION 31A AT-RISK FUNDING

Pupil eligibility for this section is 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 Section 20 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.

Section 31a continues to include language that partially alleviates the effect of reductions due to direct certification, but 2020 language no longer reimburses for losses due to declining enrollment. Due to the late adoption of the 2020 School Aid budget, a very short processing schedule for the October payment did not allow time for reprogramming to include the new language. As a result, districts will see changes to their 31a allocations in the November 2019 payment.

Expect further discussion of 31a in the November 2019 UPDATE.

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

FINANCIAL INFORMATION DATABASE/ACCOUNTING REMINDERS

All local and intermediate school districts as well as public school academies that received state school aid during FY 2019 are required to electronically submit their financial data to the Financial Information Database (FID) by November 1, 2019. 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. However, the FID system was recently moved to the MI Login system. District users are encouraged to login as soon as possible to complete the necessary steps of this conversion, and new users will need district and CEPI approval prior to uploading or submitting data. Questions related to accessing the system or submission of data to the FID may be directed to CEPI at 517-335-0505 or cepi@michigan.gov.

SCHOOL-LEVEL EXPENDITURE REPORTING UNDER THE EVERY STUDENT SUCCEEDS ACT (ESSA)

As districts complete 2018-19 Financial Information Database (FID) reporting, we encourage a thorough review of the new "ESSA Bldg Level Expenditure Report" within the FID. This report will provide districts a preview of the school-level expenditure data that will be published by MDE in Spring 2020 and an opportunity to correct any issues during the FID reporting timeframe. Please see the [ESSA School-Level Financial Reporting webpage](#) for past communications, MDE's school-level per-pupil expenditure calculation methodology, and other upcoming resources. Questions regarding this item may be directed to Christopher May at 517-335-1263 or MayC@michigan.gov.

SECTION 23A MEMBERSHIP AND SECTION 25G CATEGORICAL ADJUSTMENTS

Pursuant to language in Section 6(4)(dd) of the State School Aid Act, pupils in Section 23a Dropout Recovery programs can generate more than a 1.0 FTE in certain instances (reference [Section 23a Memo](#)). That portion of the FTE above 1.0 (not to exceed 1.25 FTE) is paid out of categorical

funding in Section 25g. The October status report reflects the Section 25g funding for the 2018-19 school year on a line labeled "25g Pupil Exceeding 1.0 FTE" in the Prior Year Adjustments section. The amount allocated for 2018-19 was inadequate to fully fund the amount of qualifying membership. A proration factor of 0.901166921046063 has been applied. Questions related to this adjustment should be directed to Brian Ciloski at 517-241-2209 or at CiloskiB@Michigan.gov or Jessica Beagle at 517-241-6435 or BeagleJ1@michigan.gov.

MSDS FALL GENERAL COLLECTION TIMELINE CHANGE

Recent changes in [state law](#) impact the reporting timeframe for the MSDS Fall and Spring General Collections, as follows:

- Districts must submit and certify no later than the **fifth** Wednesday after count day.
- Districts must resolve any pupil membership conflicts with other districts, correct any data issues, and recertify no later than the **sixth** Wednesday after count day.

For the Fall 2019 General Collection, districts must have their collections in a certified status by 11:59 p.m. ET on November 6. Between November 6 – 13, districts may decertify to resolve FTE conflicts and make further corrections, but must be recertified by 11:59 p.m. ET on November 13.

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, 2019 and September 30, 2019. (Evilia Jankowski, 517-335-8889 or JankowskiE@Michigan.gov).
- The **FY 2019 Michigan Student Data System (MSDS) Records (including State Aid FTE Counts)** for the October 2, 2019 count date are to be submitted to the Center for Educational Performance Information by November 6, 2019 and certified by November 13, 2019. (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 2019 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.** (Caitlin Hengesbach, 517-335-6858 or HengesbachC2@Michigan.gov.)
- **Proration factors:** Section 152a - Headlee Obligation for Data Collection funds are being paid at a rate of \$25.6657310933 per pupil. Section 31a At-Risk funds are being paid at 79.56636986%.

Do you have questions above the information appearing in this [Update](#)? Call the consultants identified above or **Phil Boone, Assistant Director, Office of Financial Management, MDE**, at 517-335-4059, or via fax at 517-241-0196, or via e-mail at BooneP2@michigan.gov.