

**OCTOBER 20, 2020 PAYMENT IS THE FIRST INSTALLMENT FOR FY 2021**

The first in the 11-payment schedule of school aid payments for FY 2021 is being made on Tuesday, October 20, 2020. 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 2020 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 7, 2020 pupil count (which has not yet been received) is the October 2, 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 11, 2020 and required to be certified by November 18, 2020. For the 2020-21 school year only, a new **"super blend"** will be used to determine membership. The 90/10 blend for 2019-20 multiplied by .75 will be added to the 90/10 blend for 2020-21 multiplied by .25 to determine the super blend used for 2020-21 membership. Programming for the new membership is near complete, but districts that qualified for a three year blend in FY 20 will see slight adjustments to their membership calculation in the November 2020 payment. 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](mailto: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), and Court and State Agency Placed Pupils (53a).

**GENERAL INFORMATION REGARDING FY 2021 SCHOOL AID**

The FY 2021 foundation allowance for all districts is the same as the FY 2020 foundation allowance. The minimum foundation allowance is \$8,111. The target foundation for FY 2021 is \$8,529.

The FY 2021 foundation allowance for a Public School Academy continues at the 2020 foundation allowance of \$8,111.

The **Section 22a Proposal A** state amount per pupil is calculated as the district's FY 1995 foundation allowance minus the FY 2021 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 2021 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. Other than the super blend, the formulas used in the calculations under Sections 20, 51a(2), 51a(3), and 51a(12) have not changed for FY 2021.

As mentioned above, the **membership blend** formula has changed substantially for FY 2021, with the addition of the 75% - 25% super blend of 90% - 10% traditional membership figures. 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 fewer than 1,550 FTEs using the super blend formula, that figure is replaced by the average of the current super blend 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 2019 and FY 2020, and the super blend for FY 2021.** 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](#).

#### **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 2021 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](mailto: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](mailto:MayC@Michigan.gov).

Section 147e for Defined Contribution Added Costs for FY 2021 will include costs for the period of July 1, 2020 thru June 30, 2021; 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, 2020 were fully paid in the FY 2020 August payment.

#### **SECTION 11d PER PUPIL INCREASE**

Section 11d provides approximately \$65 per pupil based on a 50/50 blend of 2019-20 membership and 2020-21 membership as it would have been calculated in a traditional 90/10 methodology.

#### **SECTION 20f CATEGORICAL OFFSET PAYMENTS**

The per pupil amount is maintained for FY 2021.

#### **SECTION 29a INCREASING ENROLLMENT**

A new Section 29a provides \$66 million to districts that would have had higher membership figures in the 2020-21 school year under a traditional 90/10 membership calculation. Payments to eligible districts will be equal to the lesser of the district foundation allowance and the target foundation allowance multiplied by the difference between the eligible district's 2020-21 pupils in membership and the eligible district's membership for 2020-21 as it would have been calculated under a more traditional 90/10 membership blend. These funds will be included in the December 2020 payment, after Fall 2020 pupil count numbers are received.

#### **SECTION 81 ISD GENERAL OPERATIONS SUPPORT**

ISDs will receive an amount equal to 100% of the amount allocated to the intermediate district for FY 2020.

#### **SECTION 99z NEW TEACHER INCENTIVE PAY**

The FY 2020-21 school aid budget includes a new Section 99z, which provides \$5 million in payments to new teachers completing the school year in Michigan. This new teacher incentive pay

relies on REP data submissions for identifying eligible teachers within Michigan school districts. It is imperative that both the December 2020 and June 2021 REP data submissions reflect accurate data, especially for new teachers in your district. Eligibility requires individuals be reported as a new teacher within the Employment Status field, with an assignment code that reflects direct instruction of students, a date of hire prior to 11/1/2020, and full-time employment throughout the 2020/21 school year. These payments will be processed subsequent to the June 30, 2021 REP collection. The first FY 21 REP collection is due December 1, 2020.

**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 2021 payment dates will be on the 20th of each month except for the following dates: Monday, December 21, 2020; Monday, February 22, 2021; Monday, March 22, 2021; and Monday, June 21, 2021.

To view the FY 2021 school aid budget amendments in their entirety and for a more detailed analysis of the language, visit the Michigan Legislature [website](#) and key in 927 when prompted for a bill number.

### **FISCAL YEAR 2021 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 target 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. A district with a combined state and local revenue per membership pupil under Section 20 that is greater than the target foundation allowance under Section 20 that had a combined state and local revenue per membership pupil under Section 20 that was less than the target foundation allowance for the 2018-19 school year will receive an amount equal to 11.5% of the statewide weighted average foundation allowance.

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 2020 are required to electronically submit their financial data to the Financial Information Database (FID) by **December 1, 2020**. This deadline (regularly November 1 each year) was extended for FY 2020 only, and applies to both FID submissions and submissions of audited financial statements to MDE. Questions related to the financial data required in this submission may be directed to Christopher May at 517-335-1263 or [MayC@michigan.gov](mailto:MayC@michigan.gov). Questions related to the submission of audited financial statements may be directed to Gloria Suggitt at 517-241-2225 or [SuggittG@michigan.gov](mailto:SuggittG@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 CEPI at 517-335-0505 or [cepi@michigan.gov](mailto:cepi@michigan.gov).

## **UPDATED FINANCIAL ACCOUNTING GUIDANCE DURING THE COVID-19 PANDEMIC**

[Financial Accounting Guidance During the COVID-19 Pandemic](#) was recently updated with new information on the proper accounting for ESSER Education Equity, GEER, and other CRF funds, as well as accounting for expenditures related to ongoing distance learning. This publication will continue to be updated frequently as MDE receives additional questions from districts and information regarding state and federal financial reporting requirements. Questions regarding this item may be directed to Christopher May at 517-335-1263 or [MayC@michigan.gov](mailto:MayC@michigan.gov).

## **STATE SCHOOL AID REVENUE RECOGNITION**

[Accounting for State School Aid Revenues](#) has been updated with accounting guidance for categoricals new to FY 2021. State school aid revenue reported in the Financial Information Database (FID) each year should be consistent with amounts shown on districts' August State Aid Financial Status Reports for the preceding fiscal year. Care should be taken to record the revenues in the appropriate fund, major class codes, and suffix codes as indicated in this document. Minor differences may occur as the result of accounts payable and receivable. Unearned Revenue such as any restricted state grant funds (i.e., At-Risk, Adult Education, Math/Science) received and remaining unspent at year end should be recorded in the financial statements as unearned revenue (balance sheet major class code 471) rather than as a reserve of fund balance. This does not apply to funds that are awarded without restriction to use. Questions related to revenue recognition and financial accounting may be directed to Christopher May at 517-335-1263 or [MayC@Michigan.gov](mailto:MayC@Michigan.gov).

## **GASB STATEMENT #84 IMPLEMENTATION & REQUIRED FID ENTRY**

As districts implement GASB #84 (in either FY20 or FY21 as a result of the optional implementation extension provided by GASB Statement #95), an additional, manual entry may be required in FID revenue files in order to restate the fund balance of Fund 29, the new Student/School Activities Fund. In FID, Fund 29 will show a beginning balance of zero. Although the restatement of fund balances during implementation of Statement #84 may only affect districts' balance sheets, a Revenue Prior Period Adjustment (Major Class Code 551) will be required in FID to "catch up" calculated balances within the system and allow calculated balances to match uploaded balances. This one-time entry will not impact beginning balances in the system, but instead (intentionally) overstate total revenues for the fund in the year of implementation only. We acknowledge this will result in a discrepancy between FID and audit revenue totals, and will expect this during data quality checks and analyses. Questions regarding this item may be directed to Christopher May at 517-335-1263 or [MayC@michigan.gov](mailto: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 2019-20 school year on a line labeled "25g Pupil Exceeding 1.0 FTE" in the Prior Year Adjustments section. The amount allocated for 2019-20 was inadequate to fully fund the amount of qualifying membership. A proration factor of 0.293535931363503 has been applied. A [calculation](#) has been published for those districts affected for 2019-20. Questions related to this adjustment should be directed to Brian Ciloski at [CiloskiB@michigan.gov](mailto:CiloskiB@michigan.gov) or Jessica Beagle at [BeagleJ1@michigan.gov](mailto:BeagleJ1@michigan.gov).

## **DROPOUT RECOVERY (23A) REPORTING REQUIREMENT**

Beginning with the 2019-20 school year, districts are required to report on an annual basis details of their dropout recovery program, per [Section 1230i](#) of the Revised School Code. For the purposes of this report, the data should reflect the dropout recovery program, administered under the requirements of Section 23a of the State School Aid Act, from July 2019 through June 2020. Districts with 23a programs were notified of the reporting requirement. If you had a 23a program during the 2019-20 school year and have yet to report, please complete the following [form](#) no later than November 6, 2020.

## **MSDS FALL GENERAL COLLECTION TIMELINE**

2019-20 changes in state law impacted 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 2020 General Collection, districts must have their collections in a certified status by 11:59 p.m. EST on November 11. Between November 11 – 18, districts may decertify to resolve FTE conflicts and make further corrections, but must be recertified by 11:59 p.m. EST on November 18.

### **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 enrolled in grade 7 in the district or ISD for the first time between January 1, 2020 and September 30, 2020. (Evilia Jankowski, 517-335-8889 or [JankowskiE@Michigan.gov](mailto:JankowskiE@Michigan.gov)).
- The **FY 2019 Michigan Student Data System (MSDS) Records (including State Aid FTE Counts)** for the October 7, 2020 count date are to be submitted to the Center for Educational Performance Information by November 11, 2020 and certified by November 18, 2020. (CEPI Customer Support 517-335-0505 (option 3) or [CEPI@Michigan.gov](mailto:CEPI@Michigan.gov)).
- **December 1** is the deadline for local districts (including PSAs) to file their **FY 2020 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](mailto:HengesbachC2@Michigan.gov).)
- **Proration factors:** Section 152a - Headlee Obligation for Data Collection funds are being paid at a rate of \$25.7785137612 per pupil. Section 31a At-Risk funds are being paid at 78.75633009%.

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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**, by cell phone at **517-699-0796**, or via fax at **517-241-0196**, or via e-mail at [BooneP2@michigan.gov](mailto:BooneP2@michigan.gov).