

FEBRUARY PAYMENT INFORMATION

The February state school aid payment is the fifth regular payment of the 2025 fiscal year. The payment will be electronically transferred to districts' accounts on Thursday, February 20, 2025.

Taxable value - The February payment continues to use the beginning 2024 tax roll non-homestead taxable value data, as provided by the county treasurers via the web based taxable valuation collection process by January 31, 2025. These data can be viewed by school district personnel on the [Department's Taxable Value Management System](#) website.

Pupil membership - October 2024 unaudited pupil count data reported to the Center for Educational Performance and Information (CEPI) via the Michigan Student Data System (MSDS) by January 22, 2025 were used in the calculation of the blended membership count for the February payment.

2025-26 K-12 EXECUTIVE BUDGET RECOMMENDATION

Governor Whitmer has released the executive state aid budget recommendation for the 2025-26 fiscal year. Highlights include a \$392 target foundation increase to \$10,000 per pupil. More details can be found on the Michigan [legislature website](#).

FEBRUARY SPECIAL EDUCATION COST DATA

Audited FY24 Special Education Cost data has been provided and is used in the February payment calculation. This revised cost data is used to calculate the FY24 prior year adjustment and serves as an estimate for FY25.

SECTION 147g MPSERS 3% HEALTH CARE PREMIUM SUBSIDY UPDATE

As communicated in the November 2024 and January 2025 State School Aid Updates, the Section 147g MPSERS 3% Health Care Premium Subsidy payments to districts would see a delay from being included in districts' State School Aid payments until as late as February 2025, as we awaited a technical fix to the statutory language. Current language uses prior year 3% member healthcare contribution data to calculate this categorical, while districts are expected to reimburse employees' contributions of the current State fiscal year, which would result in districts receiving inaccurate amounts to reimburse current year employees' contributions. The technical fix to use current year contribution data is still expected but has not yet been made via a State Aid supplemental bill.

Therefore, to prevent further delay to eligible employees' reimbursements, **Section 147g allocations based on prior year data (current language) will be included in districts' February 2025 State School Aid payments.** Districts should begin reimbursing eligible employees their actual, current (state) fiscal year 3% health care subsidy contributions, noting that **Section 147g allocations may not yet match actual contributions.** Districts' allocations may be more or less than actual amounts due to differences in number of employees and/or changes in payroll from prior to current years. A technical fix is also likely to adjust Section 147g payment timing, moving from a monthly (1/11th) schedule, to a quarterly one (similar to Section 147e) as current year payroll data is made available. If and when this occurs, another update will be provided on timing and other considerations.

In accounting for Section 147g, MDE's guidance is that it should mirror that of existing Section 147c revenues and expenditures. Understanding this is not a "district expense", similar to Section 147c, it is imperative that an equal amount of revenues and expenditures is recorded. This is restricted State revenue, so **Major Class 312, Suffix 0000.** Regarding expenditure Function and Object, **districts should account for the expense (reimbursement to employees) using their various Functions along with Object Code 2820 – Retirement Benefits.** That said, Section 147g is unique in that it is paid to employees and proper tax treatment must be applied, so districts should ensure proper tracking and recording of these reimbursements is possible in their accounting and payroll systems. If necessary, some flexibility exists in alternative Object Codes that may be used, including 1790 – Other Special Salary Payments and 2990 – Other Employee Benefits across appropriate Functions. A single Function cannot be used to record this expense as these reimbursements are being paid to employees across several Functions. Finally, similar to other Section 147s, **no Grant Code will be required** on the

revenue or expenditure side, though you're welcome to separately track this internally using the fourth digit of the Object Code, the "Other" coding dimension, etc.

Districts should refer to their own tax advisors/auditors for questions related to the taxability of Section 147g reimbursements, and the [ORS' Frequently Asked Questions webpage](#) for questions related to eligibility, timing, proper reporting to ORS of these reimbursements, etc.

If you have questions regarding Section 147g, please contact ORS at 1-800-381-5111 or [ORS WEB Reporting@michigan.gov](mailto:ORS_WEB_Reporting@michigan.gov), or Christopher May, MDE State Aid and School Finance Unit, at 517-335-1263 or MayC@Michigan.gov. Please note that the above guidance and [ORS' Frequently Asked Questions webpage](#) contains the most up to date information available on this topic. Until the above-mentioned technical fix to the language is made, this is the complete guidance MDE and ORS have to share at this time.

SECTION 101 – SCHOOL DAY CANCELLATIONS AND FORGIVEN TIME

Section 101 of the State School Aid Act (MCL 388.1701) remains the same as prior years regarding the cancellation of instructional time. The language continues to grant districts six (6) days and/or the equivalent number of hours to use toward cancellations that occur due to conditions beyond the control of school authorities, commonly referred to as "forgiven time" or "snow days." Language remains that grants the State Superintendent the authority to grant up to three (3) additional days or equivalent hours cancelled as instruction, provided the cancellation is due to unusual and extenuating circumstances resulting from conditions not within the control of school authorities.

A district that wishes to request additional forgiven time must provide strong rationale supporting why these days cannot be rescheduled before the end of the school year. Applications for additional forgiven time will only be accepted through the [online form](#). Questions regarding this item should be directed to Jessica Beagle at BeagleJ1@Michigan.gov.

BUDGET TRANSPARENCY REMINDERS

March 1 is the deadline for updating Employee Compensation Information with 2024 calendar year data. A description and cost for each fringe benefit must be disclosed. Current year budgets/amendments must be posted within 15 days of board approval. Please send budget transparency questions to Chad Urchike at UrchikeC1@michigan.gov.

GENERAL INFORMATION

- February 12 was the FY 2025 Supplemental count date. The Michigan Student Data System (MSDS) records for the Supplemental count date are due to the Center by March 19, 2025 but may be recertified until March 26, 2025.
- The Section 22d(4) funds are being paid at \$61.8179534619 per pupil.
- The Headlee Obligation for Data Collection funds are being paid at a rate of \$29.3765701496 per pupil.
- The proration factor for Section 31a – At Risk funding is 35.14516039%.
- The proration factor for Section 29(7)– Enrollment Stabilization funding is 79.57562758%.

*Do you have questions about the information appearing in this UPDATE? Call the consultants identified above or **Phil Boone, State Aid and School Finance, MDE**, cell phone: **517-899-0796**, fax: **517-241-0196**, e-mail: BooneP2@Michigan.gov