

**STATE SCHOOL AID DATA UPDATED FOR MAY**

The May state school aid payment is the 8<sup>th</sup> regular payment of the year and reflects 72.72% of the year's allocation for Sections 22a, 51c, and 22b, as well as for most categoricals. Prior year adjustments are made at 100% in a single payment. The payment will post at the districts' banks on Monday, May 20, 2024.

**TAXABLE VALUE** figures used to calculate the May payment represent the tax year 2022 values provided by county treasurers via the web-based taxable valuation collection process. Any revisions to taxable values received prior to May 7, 2024 were incorporated into the payment calculation. County treasurers should have reported by that date the taxable valuations as of the date that they settled with the local unit treasurers. The settlement numbers will have value changes from the July and December Boards of Review, as well as any other changes since the fourth Monday in May 2023. Districts may want to contact their county treasurers to encourage them to report the revised values if it is apparent that they have not yet done so.

The **MEMBERSHIP BLEND** used to calculate the May payment incorporated all Michigan Student Data System (MSDS) pupil (FTE) counts released to the Department as of April 29, 2024, the date the Department downloaded the pupil counts from the Center for Educational Performance and Information.

**BUDGETARY ASSUMPTION REPORTING – EARLY WARNING**

Pursuant to Public Act 109 of 2015, each school district and public school academy that has a general fund balance less than 5% of total general revenue for either of the 2022-23 or 2023-24 school fiscal years is required to submit budgetary assumptions to the Center for Educational Performance and Information (CEPI). The Department of Treasury will contact school districts and public school academies that are required to submit budgetary assumptions. The budgetary assumption data collection period begins June 3, 2024 and is open through July 7, 2024. The Department of Treasury will not declare potential fiscal stress based solely on a school district's or public school academy's budgetary assumption data. For additional guidance on submitting budgetary assumptions, please see the [Budgetary Assumptions User Guide \(michigan.gov\)](https://www.michigan.gov/budgetary-assumptions-user-guide). If you would like more information regarding budgetary assumptions and early warning, please visit [www.Michigan.gov/OSRFA](http://www.Michigan.gov/OSRFA). If you have any questions, please contact the School Review and Fiscal Accountability Division at [OSRFA@Michigan.gov](mailto:OSRFA@Michigan.gov).

**INDIRECT COSTS**

Current [indirect cost rate](#) information will be posted to the MDE website Monday, April 22. The new rate information includes Special Education rates for 2023-2024 and preliminary rate information for 2024-2025. Form R0418A, ***Costs for the Development of 2024-2025 Federal Indirect Cost Rates***, details the cost data used to calculate preliminary indirect cost rates. Form R0418, ***Carry Forward Calculation for 2024-2025 Federal Indirect Cost Rates***, shows the results of the preliminary calculation. [Form DS-4513](#) allows the district to edit preliminary cost information to reflect more accurate indirect cost rates.

**News for 2024-25**

Please be informed that grant code 263 should be entirely excluded from the reconciliation process of R0418A to your 2022-2023 FID data. Grant code 263 was designated exclusively for SA Sec. 147c(2) MPSERS One-Time Deposit purposes. This exclusion follows our [collaboration with the U.S. Department of Education](#) (USED) to ensure accurate treatment of these funds in indirect cost calculations. Should grant code 263 have been utilized for any purpose other than the MPSERS one-time payment, or if the MPSERS one-time payment was not recorded under grant code 263, please utilize DS-4513 to have these funds treated accordingly. A special tab will be

included solely for this purpose. Additional information for this process will be communicated on the indirect webpage.

If the district's FID data remains unsubmitted, has proven to be inaccurate, or discrepancies from the comparison between your school district's Financial Information Database (FID) and audited financial statements for fiscal year 2023 remain unresolved, your information will not be included in the preliminary reporting. It is crucial that this information is reconciled no later than June 1. Failure to do so will result in the issuance of 0% indirect rates for 2024-25, with potential repercussions on future rates. It is imperative to address and reconcile these differences promptly.

The latest iteration of [form DS-4513](#) will be available on the indirect webpage, offering enhanced processing and workflow capabilities. One notable enhancement is the addition of a dedicated tab tailored for sub-contract exclusions. Districts are required to request an exclusion for any contracted service exceeding \$25,000 that impacts the direct cost base. This intuitive tab facilitates users in inputting the total contract amount and the corresponding charges to each function code or grouping, aligning seamlessly with the organization of form R0418A. Notably, the subcontracts tab automatically deducts the initial \$25,000 and calculates the exclusion proportionately, streamlining the process for greater efficiency. In response to evolving needs, this year's update introduces a new tab specifically for requesting appropriate and consistent treatment of SA Sec. 147c(2) MPSERS One-Time Deposit funds.

Video tutorials are included on the [indirect webpage](#) to assist districts with the indirect process and completing the DS-4513. Each tutorial addresses different sections of form DS-4513. You may review a particular section of interest or watch the videos in their entirety. The videos may be particularly helpful if you are new to the indirect process, have questions about completing the subcontracts section, or are new to Head of Component.

Districts with membership greater than 2,999 will be **required** to complete the Head of Component tab (Part IV-HOC). Districts required to complete this worksheet will submit an organizational chart along with form DS-4513. A [list of districts with membership greater than 2,999](#) is provided on the indirect website as well. We strongly encourage districts to enter a Business Manager contact in the [Educational Entity Master \(EEM\)](#) to receive Head of Component communications.

[Form DS-4513](#) is due June 1 and will continue to be accepted through the online portal: <https://fs10.formsite.com/SASF/form14/index.html>.

If you have any questions or concerns, please contact Jessica Beagle at [BeagleJ1@michigan.gov](mailto:BeagleJ1@michigan.gov).

### **DEFICIT DISTRICT INFORMATION**

Districts incurring a negative general fund balance as of June 30, 2024 or adopting a 2024-2025 deficit budget are required to submit a Deficit Elimination Plan (DEP) to the Department 30 days after the local school board adopts the budget or 30 days after the state school aid budget is enacted, whichever is later. Districts incurring a negative general fund balance as of June 30, 2024 or adopting a 2024-2025 deficit budget should contact the State Aid and School Finance Unit. The DEP template is available on [our website](#). Questions should be directed to Chad Urchike at [UrchikeC1@Michigan.gov](mailto:UrchikeC1@Michigan.gov).

### **SECTION 27k STUDENT LOAN REPAYMENT PROGRAM ACCOUNTING GUIDANCE**

MDE is expected to begin paying Section 27k Student Loan Repayment Program funds to eligible districts that completed an application by the April 11, 2024 deadline in the July 2024 State School Aid payments. Section 27k funds are intended to support educators making eligible student loan payments. The Office of Financial Management recently published [Section 27k Financial Considerations and Accounting Guidance](#) which includes sample journal entries to record this revenue, establish balance sheet entries for FY24 year-end, and record expenditures when districts pay these funds to eligible employees in FY25. Questions regarding the accounting of these funds may be directed to Christopher May at [MayC@michigan.gov](mailto:MayC@michigan.gov). All other questions related to the Section 27k program,

applications, and amounts may be directed to the Office of Educator Excellence at [MDE-EdWorkforceGrants@michigan.gov](mailto:MDE-EdWorkforceGrants@michigan.gov).

### **MAY REVENUE ESTIMATING CONFERENCE**

Leaders from the House and Senate Fiscal Agencies and the State Treasurer met for the May Revenue Estimating Conference on May 17, 2024. The purpose of the conference was to reach a consensus on the current fiscal year (2023-2024) revenues and the projected revenues for fiscal year 2024-2025. For more information regarding the revenue estimating conference, please visit the [House Fiscal Agency website](#) and/or the [Senate Fiscal Agency website](#).

### **GENERAL INFORMATION**

- The Section 22d(4) funds are being paid at \$58.1954123304 per pupil.
- The Headlee Obligation for Data Collections funds are being paid out at \$29.2396217831 per pupil.
- The proration factor for Section 31a – At Risk funding is 32.64986531%.
- The proration factor for Section 29(7) – Enrollment Stabilization is 76.36170866%.

\*Do you have questions about the information appearing in this UPDATE? Call the consultants identified above or **Phil Boone, Assistant Director, Office of Financial Management, cell phone: 517-899-0796, fax: 517-241-0196, e-mail: [BooneP2@Michigan.gov](mailto:BooneP2@Michigan.gov)**