

OCTOBER 20, 2022 PAYMENT IS THE FIRST INSTALLMENT FOR FY 2023

The first in the 11-payment schedule of school aid payments for FY 2023 is being made on Thursday, October 20, 2022. 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 2022 figures provided by county treasurers via the web-based reporting system as of October 5, 2022. These data can be viewed by school district personnel on the [Department's website](#). To view your data, 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 5, 2022 pupil count (which has not yet been received) is the October 6, 2021 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 9, 2022 and required to be certified by November 16, 2022. 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.

GENERAL INFORMATION REGARDING FY 2023 SCHOOL AID

The FY 2023 foundation allowance for nearly all districts is \$9,150. The target foundation for FY 2023 is \$9,150.

The FY 2023 foundation allowance for a Public School Academy is \$9,150.

The **Section 22a Proposal A** state amount per pupil is calculated as the district's FY 1995 foundation allowance minus the FY 2023 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 2023 blended membership to generate the Section 22a payment amount.

The **Section 51c Special Education Headlee Obligation** payment is equal to the district's FY 2022 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 Sections 20, 51a(3), and 51a(12) have not changed for FY 2022.

NEW SECTION 51E SPECIAL EDUCATION FOUNDATION PAYMENT

Public Act 144 of 2022 established a new categorical that provides over \$336 million for a new Section 51e. This categorical provides 75% of the district's foundation (capped at target) for each Special Education pupil. In addition, the language in Section 51a(2) now refers to 25% of foundation, rather than the entire foundation. An estimate of the impacts of changes to Special Education payments has been posted on the [State Aid Payment Information page](#).

MPSERS RETIREMENT CATEGORICALS

Sections 147a(1) Cost Offset, 147c(1) UAAL Rate Stabilization, and 147c(2) One-Time Deposit 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 2023 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.

Section 147e for Defined Contribution Added Costs and 147a(2) Normal Cost Offset for FY 2023 will include costs for the period of July 1, 2022 thru June 30, 2023; and will be paid on a quarterly basis in the months of November, February, May, and August.

SECTION 81 ISD GENERAL OPERATIONS SUPPORT

ISDs will receive an amount equal to 105.2% of the amount allocated to the intermediate district for FY 2022.

SECTION 22C ADDED PER PUPIL PAYMENTS TO ELIGIBLE DISTRICTS

Section 22c provides \$3.0 million for payments of \$171 per pupil for out-of-formula districts (districts for which local revenue exceeds the foundation allowance and therefore the district would otherwise not receive state funds for the foundation allowance).

SEC. 56(7) SPECIAL EDUCATION MILLAGE REVENUE SUPPLEMENTAL PAYMENT

Sec. 56(7) Special Education Millage Revenue Supplemental Payment provides \$34.2 million SAF for payments to eligible ISDs through the following formula: for an ISD with a 3-year average special education millage revenue per pupil per mill less than \$251 that is levying at least 46.2% but less than 60.0% of its maximum millage rate, the amount needed to raise the ISD to \$251; for an ISD with less than \$281 that is levying at least 60% of its maximum millage rate, the amount needed to raise the ISD to \$281. Language was added to Section 56(7)(b) in the 2022 fiscal year that stated \$296 as the threshold for eligibility for 56(7) but the amount to be equalized to was left at \$281 per pupil. MDE contacted the State Budget Office and was instructed that the intent was to raise both the threshold and the equalization amount to \$296. An adjustment to State Aid took place in August 2022 in order to make the change to \$296, but after making that change, we were informed that the intent was for both amounts to remain at \$281. ISDs will see a prior year adjustment in the October payment that reverts to the previous logic of \$281 for both amounts. We expect a supplemental 2023 budget to clarify this.

SECTION 504 EDUCATOR RECRUITMENT AND PREPARATION PRIOR YEAR ADJUSTMENTS

In October 2022 State School Aid payments, 73 districts received positive prior year adjustments of Section 504 Educator Recruitment and Preparation funds authorized by PA 87 of 2021 (a supplemental appropriation to State Aid). This revenue should be recognized in FY23 under Major Class 312, Suffix 0130, and expenditures recorded with Grant Code 389. Questions regarding this program may be directed to Kelley Holcomb at HolcombK@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 2023 payment dates will be on the 20th of each month except for the following dates: Monday, November 21, 2022; Tuesday, February 21, 2023; Monday, May 22, 2023; and Monday, August 21, 2023.

To view the FY 2023 school aid budget amendments in their entirety and for a more detailed analysis of the language, visit the Michigan Legislature [website](#) and key in 845 when prompted for a bill number.

FISCAL YEAR 2023 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).

An additional \$248 million has been appropriated for FY 23, and proration is not expected.

Estimates of 31a funding for FY 23 based upon the data available as of October 2022 can be found on the [State Aid Payment Information page](#).

FINANCIAL INFORMATION DATABASE/ACCOUNTING REMINDERS

All local and intermediate school districts as well as public school academies that received state school aid during FY 2022 are required to electronically submit their financial data to the Financial Information Database (FID) by **November 1, 2022**. This deadline 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. Questions related to the submission of audited financial statements may be directed to Gloria Suggitt at 517-241-2225 or 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.

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 additional newer funding sources related to COVID-19, as well as accounting for less common expenditures the pandemic brought to districts. 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.

STATE SCHOOL AID REVENUE RECOGNITION

[Accounting for State School Aid Revenues](#) has been updated with accounting guidance for categoricals new to FY 2023. 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.

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 2021-22 school year on a line labeled "25g Pupil Exceeding 1.0 FTE" in the Prior Year Adjustments section. The amount allocated for 2021-22 was inadequate to fully fund the amount of qualifying membership. A proration factor of 0.180289165 has been applied. A calculation has been sent to districts receiving Section 25g funding. Questions related to this adjustment should be directed to Brian Ciloski at CiloskiB@michigan.gov or Jessica Beagle at BeagleJ1@michigan.gov.

BID THRESHOLDS FOR FISCAL YEAR 2022-23

New thresholds for competitive bidding, travel expense posting, and award values have been posted to the MDE [website](#).

MSDS FALL GENERAL COLLECTION TIMELINE

State law institutes the following 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 2022 General Collection, districts must have their collections in a certified status by 11:59 p.m. EST on November 9. Between November 9 - 16, districts may decertify to resolve FTE conflicts and make further corrections but must be recertified by 11:59 p.m. EST on November 16.

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, 2022 and September 30, 2022. (Evilia Jankowski, 517-335-8889 or JankowskiE@Michigan.gov).
- The **FY 2022 Michigan Student Data System (MSDS) Records (including State Aid FTE Counts)** for the October 5, 2022 count date are to be submitted to the Center for Educational Performance Information by November 9, 2022 and certified by November 16, 2022. (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 2022 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 \$26.8590262196 per pupil.

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 517-899-0796, or via fax at 517-241-0196, or via e-mail at BooneP2@michigan.gov.**