

OCTOBER 20, 2021 PAYMENT IS THE FIRST INSTALLMENT FOR FY 2022

The first in the 11-payment schedule of school aid payments for FY 2022 is being made on Wednesday, October 20, 2021. 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 2021 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 6, 2021 pupil count (which has not yet been received) is the October 7, 2020 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 10, 2021 and required to be certified by November 17, 2021. 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 2022 SCHOOL AID

The FY 2022 foundation allowance for nearly all districts is \$8,700. The target foundation for FY 2021 is \$8,700.

The FY 2022 foundation allowance for a Public School Academy is \$8,700.

The **Section 22a Proposal A** state amount per pupil is calculated as the district's FY 1995 foundation allowance minus the FY 2022 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 2022 blended membership to generate the Section 22a payment amount.

The **Section 51c Special Education Headlee Obligation** payment is equal to the district's FY 2021 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 2022.

HOLD HARMLESS DISTRICT FOUNDATIONS

Section 20 state per pupil amounts on the October Status Reports are understated, as the programming for FY 2022 is still in progress. Please see the [revised per pupil amounts](#), which will be in the system in time for the November 2022 payment.

MPSERS RETIREMENT CATEGORICALS

Sections 147a(1) 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 2022 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 2022 will include costs for the period of July 1, 2021 thru June 30, 2022; and will be paid on a quarterly basis in the months of November, February, May, and August. The 147e costs for the period ending June 30, 2021 were not fully funded and had to be pro-rated at 98.63327265 %. You will notice the prorated negative adjustment in the October payment. There is a proposal to address this gap in the funding for FY 2021 and funding will be returned if it passes.

SECTION 81 ISD GENERAL OPERATIONS SUPPORT

ISDs will receive an amount equal to 104% of the amount allocated to the intermediate district for FY 2021.

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). These have not been coded yet and payments related to this are expected to start in December 2021.

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. These have not been coded yet and payments related to this are expected to start in January 2022.

SECTION 99z NEW TEACHER INCENTIVE PAY

The FY 2020-21 school aid budget included a new Section 99z, which provides \$5 million in payments to new teachers completing the school year in Michigan. Applications will be open in the GEMS/MARS system on November 1, 2021.

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 2022 payment dates will be on the 20th of each month except for the following dates: Monday, November 22, 2021; Tuesday, February 22, 2022; Monday, March 21, 2022; and Monday, August 22, 2022.

To view the FY 2022 school aid budget amendments in their entirety and for a more detailed analysis of the language, visit the Michigan Legislature [website](#) and key in 4411 when prompted for a bill number.

FISCAL YEAR 2022 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 35% 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 **November 1, 2021**. 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.

FY21 FINANCIAL INFORMATION DATABASE AND SCHOOL MEALS REPORT GUIDANCE

MDE's Office of Health and Nutrition Services has published a new guidance document for districts reporting food services expenditures and reviewing their School Meals Report in FID (Financial Information Database) at https://www.michigan.gov/documents/mde/SY2020-2021_FID_School_Meals_Report_Coding_And_Submission_Tips_737843_7.pdf. Considering the optional food programs School Food Authorities (SFAs) operated last school year, this document was designed to assist SFAs when completing the FID Schools Meals Report for SY20-21. The document includes sample screen shots of the FID School Meals Report along with coding tips, reporting guidance, and exceptions for each program. Questions regarding this item should be directed to MDE-Fiscal@michigan.gov.

CARRYOVER OF SECTION 11R(4) FUNDS TO FY22

Districts whose ESSER II Formula allocation was equivalent to less than \$450 per-pupil received Section 11r(4) State Aid Equalization Funds in August 2021 State School Aid payments. Being State Aid funds, the following language of Section 18a of the State School Aid Act applies to situations in which eligible expenditures of these funds were not incurred in FY21:

"...if a grant recipient does not expend the funds received under this article before the end of the fiscal year in which the funds are received, the grant recipient shall submit a report to the department not later than November 1 after the fiscal year in which the funds are received indicating whether it expects to expend those funds during the fiscal year in which the report is submitted."

Districts not expending their full allocation of 11r(4) by June 30, 2021 should recorded unspent funds as Unearned Revenue (Balance Sheet Major Class 471) at FY21 year-end. In addition, as required by statute, the "report to the department not later than November 1" (2021) should be completed emailing the following information to MayC@michigan.gov:

- Notification that Section 11r(4) funds are being carried over to FY22

- Whether or not the district expects to expend the carried over funds in FY22
No additional details, dates, or amounts are needed for the purposes of this report.

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.

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.

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.

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 2020-21 school year on a line labeled "25g Pupil Exceeding 1.0 FTE" in the Prior Year Adjustments section. The amount allocated for 2020-21 was inadequate to fully fund the amount of qualifying membership. A proration factor of 0.303055933 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 or Jessica Beagle at BeagleJ1@michigan.gov.

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 2021 General Collection, districts must have their collections in a certified status by 11:59 p.m. EST on November 10. Between November 10 – 17, districts may decertify to resolve FTE conflicts and make further corrections, but must be recertified by 11:59 p.m. EST on November 17.

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).
- The **FY 2022 Michigan Student Data System (MSDS) Records (including State Aid FTE Counts)** for the October 6, 2021 count date are to be submitted to the Center for Educational Performance Information by November 10, 2021 and certified by November 17, 2021. (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 2021 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 \$ 26.7682829916 per pupil. Section 31a At-Risk funds are being paid at 7679125757%.

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.**