

OCTOBER 22, 2018 PAYMENT IS THE FIRST INSTALLMENT FOR FY 2019

The first in the 11-payment schedule of school aid payments for FY 2019 is being made on Monday, October 22, 2018. The payment reflects foundation grants that represent increases of up to \$240 per pupil, based on the 2X formula (see related item below). 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 2018 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 3, 2018 pupil count (which has not yet been received) is the October 4, 2017 count. The membership blend formula continues to be 90% of the current school year October count and 10% of the prior school year supplemental count (February 14, 2018 count). For first year public school academies, a preliminary pupil count is being used which was reported on the 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 7, 2018 and required to be certified by November 14, 2018. Questions related to the membership blend used in the October payment should be directed to Brian Ciloski, Office of State Aid and School Finance, at 517-241-2209 or CiloskiB@Michigan.gov.

Categoricals with updated allocation amounts include: School Lunch (31d), Great Start Readiness Program (32d), Special Education Rules Changes (51a(6)), ISD General Operation Funds (81), Court Placed Children (24), Isolated Districts (22d.4), Early Childhood Block Grants (32p), Court and State Agency Placed Pupils (53a), and Bus Driver Safety (74).

GENERAL INFORMATION REGARDING FY 2019 SCHOOL AID

The FY 2019 foundation allowance for a district that had a FY 2018 foundation allowance of \$7,631 is \$7,871 ($\$7,631 + (2 \times \$120)$).

The FY 2019 foundation allowance for a district that had a FY 2018 foundation allowance between \$7,631 and \$8,289 will be based on a formula as follows:

FY 2018 Foundation + \$240 - [$\$80 \times (FY 2018 Foundation - \$7,631) / \$778$] or \$8,409, whichever is less.

For hold harmless districts that received a FY 2018 foundation allowance supplemental payment under Section 20m, the foundation allowance will increase by an amount equal to the district's FY 2018 20m per pupil amount *plus* the FY 2019 increase of \$120, capped at a CPI of 2.13%. The CPI was high enough to ensure that the increases were within the cap eliminating the need for a separate supplemental payment in FY 2019 under 20m.

The **Section 22a Proposal A** state amount per pupil is calculated as the district's FY 1995 foundation allowance minus the FY 2019 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 2019 blended membership to generate the Section 22a payment amount.

The **Section 51c Special Education Headlee Obligation** payment is equal to the district's FY 2019 special education instructional costs multiplied by .286138 plus the district's special education transportation costs multiplied by .704165. Keep in mind that **prior year cost numbers are used as estimates** until actual cost figures are obtained, at which time adjustments are made.

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 20, 51a(2), 51a(3), and 51a(12) have not changed for FY 2019.

As mentioned above, the **membership blend** formula has not been changed for FY 2019. The current formula is 90% of the October count and 10% of the **prior** February count. 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 less than 1,550 FTEs using the 90%-10% approach, that figure is replaced by the average of the current 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 2017, FY 2018, and FY 2019, as opposed to using any prior year three-year average blends in the calculation.** Language in Section 6(4)(y) continues which allows 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](#).

The **instructional time requirement** for FY 2018 remains at 1,098 hours. There continues to be a requirement to be in session a minimum of 180 days. **Professional development time** cannot be counted as instructional time. Exceptions to the 1,098-hour requirement include:

- pupils with *study halls*, who are required to be provided 1,188 hours; and
- high school pupils with an approved *reduced schedule*, who are required to be provided 878.4 hours (823.5 hours for those reduced schedule pupils in a "4-block" program).

In addition, up to 3 hours per week of *travel time between instructional sites* can be counted as instructional time for certain pupils; the Department under certain circumstances may grant additional travel time.

Questions related to pupil counts and instructional time should be directed to Brian Ciloski, Office of State Aid and School Finance, at 517-241-2209 or CiloskiB@Michigan.gov.

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 2019 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. Questions related to accounting for the payments may be directed to Christopher May, Office of State Aid and School Finance, at 517-335-1263 or MayC@Michigan.gov.

Section 147e for Defined Contribution Added Costs for FY 2019 will include costs for the period July 1, 2018 thru June 30, 2019; and will be paid on a quarterly basis in the months of November,

February, May & August. The costs for the period ending June 30, 2018 has been fully paid as part of FY 2018 August payment.

Section 22d Isolated District Funding This section expands the eligibility to include districts with 7.7 or fewer pupils per square miles instead of 7.3 or fewer pupils as compared to FY 2018.

Section 20f Categorical Offset Payments The per pupil amount maintains for FY 2019.

Section 22n High School Pupil Support The per pupil bonus of \$25 continues for FY 2019. Similar to last year, these payments will begin starting with the January payment.

Section 81 ISD General Operations Support ISDs will receive an amount equal to 102% of the amount allocated to the intermediate district for FY 2018.

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 2019 payment dates will be on the 20th of each month except for the following dates: Monday, October 22, 2018; Tuesday, January 22, 2019; Monday, April 22, 2019; and Monday, July 22, 2019.

To view the FY 2019 school aid budget amendments in their entirety and for a more detailed analysis of the language, visit the Michigan Legislature [website](#) and key in 863 when prompted for a bill number.

FISCAL YEAR 2019 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 Sections 20 and 20m that is greater than the basic 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.

Proration (if necessary) will be calculated using an equal percentage per district instead of reducing by a per pupil amount.

NOTE: 2019 district allocations have declined, because of increased eligible pupil count data. The eligible pupil count for FY 2019 has increased from 676,483 to 743,484. As a result proration has increased, and districts are only receiving approximately 78% of the 11.5% of the statewide average per-pupil foundation as of the October 22, 2018 payment.

FINANCIAL INFORMATION DATABASE/ACCOUNTING REMINDERS

All local and intermediate school districts, as well as public school academies that received state school aid during FY 2018, are required to electronically submit their financial data to the Financial Information Database (FID) by November 1, 2018. Questions related to the financial data required in this submission may be directed to Christopher May at 517-335-1263 or MayC@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 the DTMB Client Service Center by e-mail at 517-335-0505 or cepi@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 2017-18 school year on a line labeled "25g Pupil Exceeding 1.0 FTE" in the Prior Year Adjustments section. The November payment will reflect a slight adjustment to what was paid in October. The amount allocated for 2017-18 was inadequate to fully fund the amount of qualifying membership. A proration factor of 0.6999221525 has been applied. Questions related to this adjustment should be directed to Brian Ciloski at 517-241-2209 or at CiloskiB@Michigan.gov or Jessica Beagle at 517-241-6435 or BeagleJ1@michigan.gov.

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 who are enrolled in grade 7 in the district or ISD for the first time between January 1, 2018 and September 30, 2018. (Nicole Kramer, 517-241-7068 or KramerN@Michigan.gov).
- The **FY 2018 Michigan Student Data System (MSDS) Records (including State Aid FTE Counts)** for the October 4, 2017 count date are to be submitted to the Center for Educational Performance Information by November 7, 2018 and certified by November 14, 2018. (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 2017 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. (Naomi Casher, 517-335-6858 or CasherN@Michigan.gov).
- **Proration factors:** Section 22d(4) Isolated District funds are paid at \$50.6024894334 per pupil. Section 152a - Headlee Obligation for Data Collection funds are being paid at a rate of \$25.4137871887 per pupil. Section 31a At-Risk funds are being paid at 78.11227153%.

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**, at 517-335-4059, or via fax at 517-241-0196, or via e-mail at BooneP2@michigan.gov.