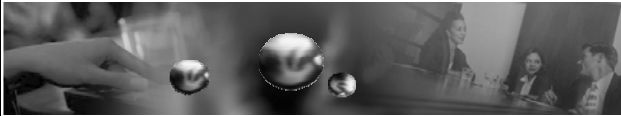


MSBO CPA Workshop



State School Aid and School Finance Update
June 8, 2011



State Aid and School Finance

ARRA Budget Stabilization

Federal Funds Replacing State Aid
Foundation dollar may be used to
meet local Maintenance of Effort
under ESEA

2



State Aid and School Finance

ESEA Maintenance of Effort Calculation

Available on MDE Website:

[http://www.michigan.gov/mde/0,1607,
,7-140-6530_6605-242519--
,00.html](http://www.michigan.gov/mde/0,1607,7-140-6530_6605-242519--,00.html)

3





State Aid and School Finance

ARRA Budget Stabilization

Revenue Major Class Code 412-
Federal Unrestricted – No Budget
Required Suffix Code “0230-ARRA”

Expenditure State Code “6410” for
CFDA 84.394

4





State Aid and School Finance

All Grant Expenditures must be reported with a State Code on the FID.

List of Available State Codes may be found
in the *Michigan Public School Accounting
Manual Appendix* at:

http://www.michigan.gov/documents/appendix_33974_7.pdf

5





State Aid and School Finance

Accounting For State School Aid Revenues

Document with the Major Class
Codes, Suffix and State Codes may
be found at:

http://www.michigan.gov/documents/saacct03_45776_7.pdf

6





State Aid and School Finance

Fund Modifications

Revenue Modifications must equal Expenditure Modifications on the FID.

7





State Aid and School Finance

Fund Modifications

If a district charges School Breakfast and lunch grants for indirect, financials should show a fund modification transferring those funds back to the General Fund to reimburse for the indirect costs. Guidance is available on the MDE website at:
http://www.michigan.gov/documents/sc-ii_13265_7.pdf

8





State Aid and School Finance


Budget Transparency Reporting

Per MCL 388.1618 (2) Districts are required to post various information on the district's website. Guidance is available in the Michigan Public School Accounting Manual, Section II, C.05

http://www.michigan.gov/mde/0,1607,7-140-6530_6605-21356--,00.html


9




 **State Aid and School Finance**

Deficit Fund Balance

MCL 388.1702- Districts experiencing a deficit fund balance must submit a deficit elimination plan. MDE Guidance available at:
http://www.michigan.gov/mde/0,1607,7-140-6530_6605-106599--,00.html


10 


 **State Aid and School Finance**

11d Reduction in State Aid

Districts were allowed to take the 11d reduction against any unprotected State Aid Categorical provided they submitted a status on development of the district's service consolidation plan. A list of districts that met the criteria is available on MDE website at:


http://www.michigan.gov/documents/mde/ECEFS_Grant_Opportunities_12-14-09_305013_7.pdf

11 

 **State Aid and School Finance**

Consistency in Financial Reports

Federal government is putting added pressure on MDE to monitor sub-grantees.....

12 



State Aid and School Finance

Therefore MDE is putting additional pressure on districts to assure that financial data is consistently reported on Audit, FID, FERS, and various other financial documents.

13





State Aid and School Finance

School Meals Office now pulls data from Financial Information Database (FID) to calculate Section 31d and 31f School Breakfast and Lunch payments.

14





State Aid and School Finance

GASB #54

Michigan Public School Accounting Manual includes new categories of fund balance to conform to the standard.

http://www.michigan.gov/mde/0,1607,7-140-6530_6605-21356--,00.html

15





State Aid and School Finance

Build America Bonds

Interest received from IRS to reimburse for interest is considered federal revenue, but not subject to A-133.

16





State Aid and School Finance

Indirect Cost Rates

\$25,000 rule applies only to direct costs
1 page document on \$25,000 rule
Preliminary rates now available on website
DS-4513 due June 1st
Now using State Codes
2xx-8xx indicates grant funded therefore direct

17





State Aid and School Finance

Taxable Value Update

The new business tax structure will have no effect on taxable value reporting. Industrial & Commercial Personal property will still be reported separately.

18





State Aid and School Finance

- Financial Status Reports – new content
–3 year blend information

THREE-YEAR PAYMENT DETAILS

Year	GE Std. Blend	SE Sec 62 Blend	SE Sec 63 Blend	SE Blend	Pupil Count Blend
2009	960.19	33.62	0.00	33.62	983.71
2010	880.70	35.11	0.00	35.11	915.81
2011	814.86	29.78	0.06	29.84	844.50
	881.85	32.80	0.02	32.82	914.67

19





State Aid and School Finance

- Financial Status Reports – new content
–1 to 3 pages
–Loan information

Amount Applied to Loan Payments

MFA - PSA SAN 2010C-1	76,430.46
MPEFA - 2010 Madison Academy	80,574.72

20





State Aid and School Finance

Senate Bill 183

Section 6(4) – Changes pupil count blend from 25-75 to 10-90

Section 6(4)(r) – Beginning in 2012-13 a kindergarten pupil must receive 1,098 hours to count as 1.0 FTE

21





State Aid and School Finance

Senate Bill 183

Section 6(4)(y) – Retains language that provides for a three-year average pupil count for districts with fewer than 1,550 pupils and less than or equal to 4.5 pupils per square mile

Section 6(7) – Moves the fall membership count day to the first Wednesday in October

22





State Aid and School Finance

Senate Bill 183

Section 11d – Repeals this section for 2011-12 which calls for \$170 per pupil reduction

Section 20 – Rolls in the \$170 per pupil reduction from former Section 11d and reduces foundation by \$300 for a total per pupil foundation grant reduction in 2011-12 of \$470

23





State Aid and School Finance

Senate Bill 183

Section 20(19) – Reduces the small class size funds formerly rolled into the foundation to 68.5% for 2011-12 and eliminates them for 2012-13

Section 22e – Reduces this categorical which allocates funds to districts that lost revenue due to the MBT to \$700,000. Only districts with fewer than 500 pupils will qualify in 2011-12 and the funding will be eliminated in 2012-13

24





State Aid and School Finance

Senate Bill 183

Section 22f – Appropriates \$154 million for Best Practice Incentive funds. To qualify for \$100 per pupil, districts must meet 4 out of 5 objectives by June 1, 2012:

- a) Pay no more than 90% of employee health benefits
- b) District is policy holder for employee health insurance
- c) District develops or continues service consolidation plan under former Section 11d
- d) Obtain a competitive bid for non-instructional service valued at more than \$50,000
- e) District posts a "dashboard" of financial and student performance indicators

25





State Aid and School Finance

Senate Bill 183

Section 29 – Declining Enrollment categorical of \$20 million is repealed

Section 31a – At-Risk funding of \$318 million is retained

26





State Aid and School Finance

Senate Bill 183

Section 81 – ISD General Operations funding reduced by 5% from \$65.3 million to \$62.1 million

Section 147a – Allocates \$155 million for one-time payments to districts participating in the Michigan Public School Employees' Retirement System based on a percentage of statewide payroll for the year ending September 30, 2011

27