

# MSBO - ISD Committee Meeting Minutes

December 20, 2018 – 9:30 am

MSBO Office, Lansing

## Members Present:

Auwers, Roger - Jackson County ISD	Lloyd, Abby - Allegan RESA
Bielecki, Linda – Traverse Bay Area ISD	Marcel, Brian - Washtenaw ISD
Bontekoe, Katrina - Wexford-Missaukee ISD	Mauntler, Kristina – Manistee ISD
Curtiss, Bruce - Bay-Arenac ISD	McNamara, Helen - Ingham ISD
Dwan, Bob - MSBO	Monroe, Tina – Eaton RESA
Fleser, Lyndsey – Ottawa ISD	Orihel, Mark – Midland Co. ESA
Haggerty, Mike – Kent ISD	Pelton, Debra – Traverse Bay Area ISD
Knight, Karen - Shiawassee RESD	Shaffer, Belinda - Hillsdale ISD
Kolb, Kevin – Gratiot-Isabella RESD	Suszak, Tony - AMA ESD
Krosnicki, Lisa – Charlevoix-Emmet ISD	Weese, Stephanie - Montcalm Area ISD
LaRue, Nicole – Ingham ISD	

## Members Present – On Line:

Acton, Leslie – Manistee ISD	Matthews, Barb – Van Buren ISD
Auel, Jason – Copper Country ISD	May, Lisa – Clare-Gladwin RESD
Bodiya, Paul - Macomb ISD	Morse, Nick – Kent ISD
Brow, Anne – Parchment S/D	Ostrom, Kim – Genesee ISD
Chesnutt, Gina – Oakland Schools	Rymanowicz, Renee – Monroe ISD
Dechnik, Kelli – St. Joseph Co. ISD	Saunders, Michelle – Oakland Schools
DeKuiper, Jodi – Newaygo Co. RESA	Schomisch, Lori - Clinton Co. RESA
Frank, Chris – Saginaw ISD	Shiery, Diane – Branch ISD
Harrie, Kerri – West Shore ESD	Stephan, Lynn – St. Clair County RESA
LoPresto, RaLena – Hillsdale Co. ISD	Williams-Muz – Huron ISD

1. ***Call to Order – Lisa Krosnicki, Chairperson***

1. ***Introduction of Members/Guests – Lisa Krosnicki, Chairperson***

1. ***Approval of Meeting Minutes – November 15, 2018***

Motioned by Hagerty and Supported by Auwers

1. ***Legislative Update – Patti Tremblay, MAISA***

- Scheduled to be done today. Likely to continue to work thru Saturday.
- HB5526 - Grading Schools A-F – House amended bill 49 times. Passed in both the House and Senate. Awaiting signature by the Governor.
- Teacher Prep package is dead

- HB 5707 - Teacher Evaluation- keep student growth at 25% – Passed in the house but may not go any further.
- A Supplemental Bill has not been introduced yet. Normally done long before now. There is extra money from Wayfair lawsuit. This revenue is being described as “not” sales tax so they can spend it on Brownfield tax abatements.
- SB1199 – Would require that the Hard Cap for Health Insurance be computed in April (earlier) rather than October each year. Passed in House and Senate. Needs governor’s signature.
- SB1205 – Claims data must be provided for plans with 50 or more employees (currently 100 or more employees). Everyone is in support of this bill (except MESSA).
- SB 1209 – Insurance caps when an employer elects 80/20 would require the cap be applied on an individual employee basis rather than a group of employees (where some are over the cap and others are under the cap). This bill is hug up and probably won’t go any further.
- SB 1225 Allow Custodial, Food Service, and Transportation employees to return to work after retirement without forfeiting retirement - passed the senate and is in the house
- SB 1260 - Union Recertification Bill – would have required unions to recertify every two years – died in the Senate.
- Substitute Teacher Age restriction that was approved this last year in HB 4069 has been removed.
- HB6378 – Elimination of Current Operating Expenditures (COE) calculation for determining an additional UAAL contribution by those districts that increase the portion of their contracted employees over a base year. Passed by the House and Senate. On the Governor’s desk for signature.
- Gross to net income tax for the SAF – no bill currently but this language could be tacked on to an existing bill. Maybe even today.

1. MSBO Update – Bob Dwan, MSBO

- Lame Duck – MSBO will report out when the dust settles
- Financial strategies – Sign up sooner than later so MSBO can plan better. Will have someone from GASB at the conference to report on GASB Statement No. 84, etc. Can still get an early bird discount.
- Cyber security – many districts are having problems with ransomware and hacks. Will hold a conference on February 19<sup>th</sup>.
- MSBO staff is getting ready for Annual Conference. Hotel rooms sold out in 30 minutes – not sure how to fix this problem. Maybe people should be required to pay a non-refundable first night security deposit.
- If you have any questions on the transition of purchase card to Harris Bank, call Bob Dwan. The rebates are larger than they have ever been. Better to transition sooner than later. If you are planning on moving to Harris Bank but haven’t submitted your application yet, please let Bob Dwan know. They are tracking the districts that are switching.

2. **Program** – Early-On Update – Colleen O’Connor, Consultant, MDE & Noel Kelty, Part C State Coordinator, MDE

- Currently developing a new risk assessment to determine which districts will be subject to fiscal monitoring.
- Overview
  - Early intervention services are mandated by Part C of IDEA
  - Designed to help families find social, health, and education services for infants and toddlers with special needs.
  - Stress early identification and early services.
- Part C is birth to 3 years old (Part B is 3 to 21 years old).
- Michigan Mandatory Special Education (MMSE) is 0 to 26 years old.
- Services are not to be provided in a classroom. It is to be provided in their natural environment (normal/typical environment) (i.e. – in their home, child care, etc.). Any services that cannot be provided in the natural environment must be noted in the IFSP (similar to an IEP). Families shouldn't feel a difference in how the services are provided when moving from one ISD to another.
- Funding Sources and Allocations.
  - Federal IDEA Part C - \$10,209,805 – distributed mainly based on population. This represents 80% of this funding. The other 20% funds State costs such as staffing, training, etc.
    - Payer of last resort – Part C funds should only be used when all other funding has been exhausted (i.e. – Medicaid).
    - Subject to Non-supplanting/level of support
    - Part C wasn't intended to fully fund these services. It was intended to pay for the coordination of services. Funding falls short of fully funding these coordination services.
  - New State Funding available this year - Sec. 54d - \$5,000,000 distributed in same manner as Part C funds.
    - Non-Supplanting
    - Requires all services that are Medicaid eligible to be billed to Medicaid first.
    - Is this on-going funding? The State is also required to maintain effort.
    - If you have data to provide regarding the success of this funding, you should present it to your legislator.
- Level of Effort Reporting and Non-Supplanting
  - Total state and local funds budgeted is compared to the amounts spent two years ago (prior year is not available when test needs to be completed).
  - Allowances for decreases in the number of infants/toddlers.
  - Allowance for decreases due to unusually large amounts spend for capital expenditures.
  - Calculated at the State level.
  - Individual ISD's not penalized for not Maintaining Effort.
- Section 54d Non-Supplanting Requirement
  - Cannot use funds to supplant services already being provided.
  - Can use funds to expand the level of those services (i.e. – additional staff)
  - Can swap people in/out of Part C for billing Medicaid as long as your local effort remains the same.
  - Is there an exception if a person is replaced with a lower paid person? Don't have an answer for this at this time. Working on this.
- Level of Effort Reporting & Test
  - Step 1
    - Amounts are reported in FID (reporting is better than in the past).
    - Amounts are aggregated statewide (in November)
    - Are we capturing all the costs? Yet to be determined.
  - Step 2
    - Report budget for all non-federal funds in MEGS+ (Due July 1<sup>st</sup>)
    - Aggregated statewide

- EXCLUDE 54d funded expenditures from this budget.
  - Step 3
    - If you reduce your local effort, you will be contacted to see if the reduction was the result of one of the allowable exceptions. This is done to compile the allowable exceptions for the statewide calculation.
    - If the reduction is not an allowable exception, the ISD will not have a reduction in Part C funding because it is a statewide calculation. There could be a reduction in Section 54d but that is not known at this time.
- Program codes:
  - Use program codes 271 and 272 for special education services provided to children 0 to 3.
  - All other expenditures use program code 080.
- Grant codes:
  - IDEA – grant code 757
  - Sec 54d – grant code 326
  - Other local funds - use grant codes 1xx, 2xx, 3xx, 000, or 9xx as appropriate.
- Medicaid Requirement for Section 54d
  - ISD receiving this funding shall maximize the capture of Medicaid funding to support Early On intervention services.
    - ISD have very different opinions on what can be billed to Medicaid. MDE put together a workgroup to answer this question.
    - The larger problem is determining the amount of Medicaid funding generated specifically by these Early On services so those revenues can be allocated to Early On services.
    - Additional guidance regarding Medicaid and IDEA Part C will be developed and available in 2019.
- More resources at [www.Michigan.gov/earlyon](http://www.Michigan.gov/earlyon)
- [OconnorC1@Michigan.gov](mailto:OconnorC1@Michigan.gov) – Colleen O’Connor, Early On Consultant
- [KeltyN@Michigan.gov](mailto:KeltyN@Michigan.gov) – Noel Kelty, Part C State Coordinator

**1. Round Table**

- Tony Suszak – At a regional MSBO meeting - Howard Heideman (Treasury), Phil Boon (MDE), county equalization directors, and county treasurers attended the meeting and discussed issues around property tax collections, settlements, etc. This was found to be VERY helpful.
- There was some discussion concerning a new requirement for ISD’s to review SE-4094 and SE-4096 for their local districts. There was some confusion as to whether these forms were to be audited or reviewed. It was determined that they are to be reviewed not an audited.
- Private Letter Ruling – is complete and ready to submit to the IRS. Trying to figure out how to pay the required \$25,000 fee.

**1. Adjournment:**

**Next Meeting** - Thursday, February 21, 2019 at MSBO in Lansing  
 Program – Howard Heideman, Department of Treasury