

# Are You Financially FIT?



**MICHIGAN**  
Department of **Education**

## Financial Independence Team (FIT)

### **Michigan Department of Education**

*Office of State Aid & School Finance*

- Daniel Hanrahan, Director
- Anna Neveau, Auditor

*Office of Education Improvement & Innovation*

- Dr. Traci Elizabeth Teasley, Education Consultant

### **Michigan Department of Treasury**

*Office of School Review and Fiscal Accountability*

- Paul G. Connors, Director
- Samuel Irrer, Financial Analyst



**MICHIGAN**  
Department of **Education**

# Early Warning Legislation

- Public Acts 109-113 of 2015, signed into law on July 7, 2015
- Key Areas:
  - Financial Reporting
  - Deficit Elimination Plans
  - State Aid Withholding
  - PA 436 Amendments

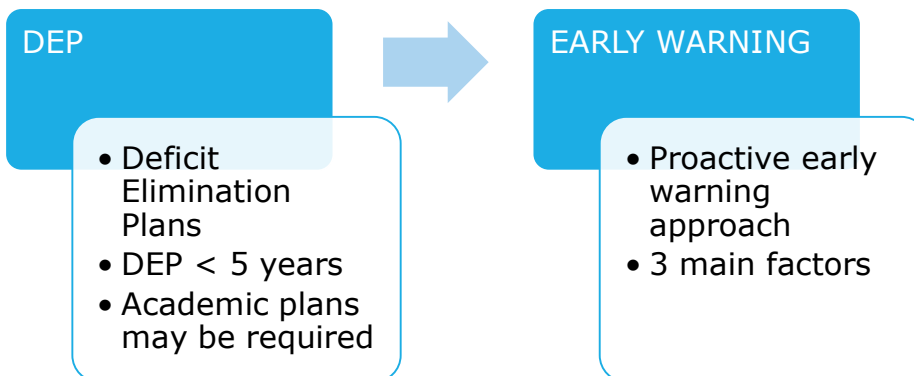


MICHIGAN  
Department of Education

1/27/2016

3

# Progression of Financial Stress



MICHIGAN  
Department of Education

4

## Progression of Financial Stress

### DEP

- Deficit Elimination Plans
- DEP < 5 years
- Academic plans may be required



### EARLY WARNING

- Proactive early warning approach
- 3 main factors



## Progression of Financial Stress

### PRELIMINARY REVIEW & EDEP

- Preliminary review conducted
- Enhanced Deficit Elimination Plans (EDEP) required
- Financial Recovery Agreement (FRA)



### PA 436

- Critical financial circumstances identified:
  - Consent Agreement
  - Emergency Manager
  - Neutral Evaluation
  - Bankruptcy (Chapter 9)



## Are You Clear About The Vision?



• Vision for improving student learning dictates what is done with resources:

- Funds
- Materials
- Staffing
- Time

• A budget is a plan for how every dollar is spent to support this vision.



**MICHIGAN**  
Department of **Education**

7

## Early Warning...the How?

*How is the "Early Warning" list of school districts identified?:*

- Budget Assumptions
- Projection Model
- Budget Reviews



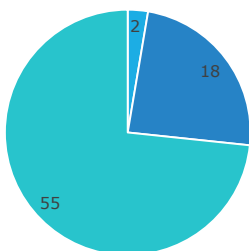
**MICHIGAN**  
Department of **Education**

1/27/2016

8

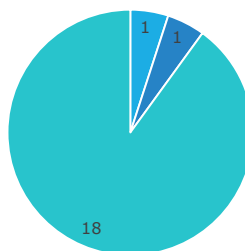
# The Early Warning List, 2015-2016

Projection Model



- Budget Deficit
- Potential Fiscal Stress
- No Potential Fiscal Stress

Budget Review



- Deficit Budget
- Potential Fiscal Stress
- No Potential Stress



## For More Information:

### Michigan Department of Treasury

Office of School Review and Fiscal Accountability (OSRFA)

[www.Michigan.gov/OSRFA](http://www.Michigan.gov/OSRFA)

[OSRFA@Michigan.gov](mailto:OSRFA@Michigan.gov)

### Michigan Department of Education

Office of State Aid and School Finance

Office of Improvement and Innovation

Financial Independence Team (FIT)

[www.Michigan.gov/MDE](http://www.Michigan.gov/MDE)



# Questions?

## Michigan Department of Education

*Office of State Aid & School Finance*

- Daniel Hanrahan, Director
- Anna Neveau, Auditor

[HanrahanD@Michigan.gov](mailto:HanrahanD@Michigan.gov)

[NeveauA@Michigan.gov](mailto:NeveauA@Michigan.gov)

*Office of Education Improvement & Innovation*

- Dr. Traci Elizabeth Teasley, Education Consultant [TeasleyT@Michigan.gov](mailto:TeasleyT@Michigan.gov)

## Michigan Department of Treasury

*Office of School Review and Fiscal Accountability*

- Paul G. Connors
- Samuel Irrer, Financial Analyst

[ConnorsP@michigan.gov](mailto:ConnorsP@michigan.gov)

[IrrerS3@Michigan.gov](mailto:IrrerS3@Michigan.gov)

