

# MDE Potpourri

**Christopher May, Philip Boone, and Kevin Walters**

Office of Financial Management

Michigan Department of Education



**Michigan School Business Officials Annual Conference**

**Session B21**

April 24, 2024

# Accounting & Financial Reporting Update

**Christopher May, CFO, CFE, CGFM**  
**Financial Specialist**  
**Michigan Department of Education**

**MSBO Annual Conference**  
**April 24, 2024**



# Financial Reporting Requirements

- Two primary required items
  - Financial Information Database (FID) (data upload)
  - Audited Financial Statements (incl. Single Audit if applicable)
- Both due November 1<sup>st</sup> each year
- State School Aid Act, Section 18(10) – requires MDE to withhold State Aid if either are not submitted OR if data between the two is inconsistent
  - General Fund Balance
  - Federal Revenues
  - Other key figures



# GASB Update

- Not much of an update impacting FY24 reporting!
- **FY25**
  - **GASB 100** – Accounting Changes & Error Corrections
    - Notes & disclosures, no FID impact
  - **GASB 101** – Compensated Absences
    - Addresses liability measurement
    - Government-wide impact, only FID impact may be on District Data Entry screen



# “GASBs Past”

- **GASB 87** – Leases
- **GASB 96** – Subscription-Based Information Technology Arrangements
  - Still important to consider use of grant funds when entering into any SBITA (grant period shorter than SBITA term?)
- **GASB 94** – Public-Private & Public-Public Partnerships (P3's, **N/A to MI school districts** to my knowledge)



# Upcoming FID Changes – FY24 Reporting

- "Instructional expenditures are consistent with previous year" warning check has been removed
- Two-year phase-in of expanded School Code requirement to Functions 21x and 22x in response to new federal reporting requirements (School Level Finance Survey, completed by MDE)
  - FY24: **Warning** for School Code missing from Function 21x and 22x expenditures, will not prevent submission
  - FY25 and following: **Error** for School Code missing from Function 21x and 22x(?) expenditures, will require correction before submission
  - Feedback from districts on burden of reporting 22x Functions at school-level passed to USED/Census, may not end up being required (TBD 2025)



# Reclassifying Expenditures

- **Revisiting topic as we approach the end of ESSER and Grant Code misuse has impacted monitoring of COVID expenditures**
- **The Grant Code of a given funding source should not be used when recording expenditures until that revenue can be recognized.**
- Additional accounting entries required when revenue cannot be recognized in the same fiscal year as eligible expenditures may be incurred.
- Example: ESSER III expenditure period goes back to March 2020 but revenue could not have been recognized in FY20
- Concept originally developed when CRF funds were paid in July and August 2020 State Aid but State legislation was not signed until after the school fiscal year ended



# Reclassifying Expenditures (cont.)

- This may also apply to other funding sources with similar revenue recognition/expenditure period “disconnects”:
  - **Section 23b Summer School/Credit Recovery**
    - FY21 expenditures but no revenue until FY22
  - **Section 11r(4) ESSER (II) Per-Pupil Equalization**
    - Could cover both FY20 & FY21 exp., but FY22 revenue
  - **Section 11t ESSER III Per-Pupil Equalization**
    - GANs may be received after expenditures incurred
- AND/OR realizing now-available COVID funds could be used for expenditures already incurred and **paid for with unrestricted funds** in prior years





# Reclassifying Expenditures (cont.)

- Example: Reclassification of FY23 expenditures to ESSER III funds in FY24 previously paid for with unrestricted funds
  - Net zero expenditure entry to reclassify prior year expenditures to another funding source
  - \$10,000 of teacher salaries covered by ESSER III funding as example
    - Debit                    11-113-1240-**4350**                    **\$10,000**
    - Credit                    11-113-1240-**0000**                    **\$10,000**
- Reclassifies expenditures to COVID funding source in current fiscal year without inflating totals while showing COVID expenditures in one fiscal year only (prevents double counting)
- Allowability still subject to approval of expenditures in grant budget



# Section 27k - Student Loan Repayment Program

- \$200 or \$400 per month (depending on district) to eligible employees
- Application deadline was April 11<sup>th</sup>
- Payments planned to begin within July State Aid payment
  - 10/11<sup>ths</sup> in July, 1/11<sup>th</sup> in August reflecting full FY24 amount
- Initial payments will be based on district (\$200/\$400) amount and number of eligible employees submitted in application only
  - Not their actual student loan payments, so you may receive more funds than will be paid to some eligible employees (to be adjusted out of state aid at later date)
  - Will require precise tracking and special accounting treatment
- <https://www.michigan.gov/mde/services/ed-serv/educator-retention-supports/student-loan-repayment-program>
  - Guidance, FAQs, and financial/accounting guidance (soon)



# Section 27k - Student Loan Repayment Program Accounting

- Revenue:
  - Major Class Code 312, Suffix Code 0000
- Expenditures:
  - Function Codes: Separate for each eligible employee receiving 27k funds
  - Object Code: 2390 – Other Special Allowances (benefit code)
  - Grant Code: 273x (required to be used with all expenditure entries)
- Other specific journal entry examples and other accounting guidance to be finalized and published soon
  - Based on beginning payment date plan of July, accrual of revenues back to FY24, accrued expenditures, unearned revenue, and accrual reversal entries expected to be required
  - GANs expected to be sent to district in June
- Possibility of second cohort depending on remaining funds, leadership approval, FY25 budget, etc. (FY24 work project language)
  - Not guaranteed, updates to be shared as info becomes available



# Resources

## Michigan Public School Accounting Manual

- Chart of Accounts (Appendix) and other guidance
- Change Notices

## Accounting for State School Aid Revenues

- Updated with new FY23 categoricals



# Questions?

**Christopher May, CFO, CFE, CGFM**

Financial Specialist

Office of Financial Management, State Aid & School Finance

517-281-3223 (cell)

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



# State and Federal Grant Update

**Kevin Walters**

**Supervisor, Grants Office**

**Michigan Department of Education**

**MSBO Annual Conference**

**April 24, 2024**



# Federal Grant Update

- Spinning Plates (Light at end of tunnel with 5 months to go!)
  - Deadlines:
    - June 30: (Budgets, Programmatic Monitoring)
    - September 1: (Submit Amendments/Modifications in M+)
    - September 30: (Last date to Properly Obligate, get approval)
    - December 30: (Last date to Liquidate without extension)
  - Late Liquidation template (October 1 through December 1)
    - Focus on Capital Projects or delivery delays
    - NO to extension for subscriptions (must end September 30)
    - Extension can vary (7 months up to 14 months maximum)
    - If LEA is concerned, request the template to get started



# Federal Grant Update

- Fiscal Monitoring by Rehmann (Sample, based on Risk)
  - Focus on Checklist (Be responsive, have documentation)
- Fiscal and Programmatic Monitoring by MDE (ALL and ongoing)
  - Drawdown Percentages and Plans to Fully Draw Funds
  - LEA Plan for Use of Funds (align with Budget/Consultation)
  - Return to In-Person Instruction & Continuity of Services
  - Ongoing reviews of Amendments/Modifications (Tweaks)
  - Corrective Action in advance of official monitoring/auditing





# Federal Grant Update

- Reporting and Other Requirements
  - Stop believing federal funds is FREE MONEY!
    - Nothing is FREE, especially in the federal grant world
  - Stop believing they will never take money back!
    - They Have, They Do, They Will
- USED Cross Act reporting attributes
  - Rely on Technical Assistance Document/Recording
- USED updated guidance on Capital Projects
  - 15 year reporting requirement if over \$1M
  - Impacts 45 entities, statewide (48 total)
  - If you have any Capital Project over \$1M, stay tuned



# State Grant Update

- Hot Topics
  - Section 27k – Student Loan Repayment
  - Section 27l – Educator Compensation
  - Section 31aa – Mental Health & School Safety
  - Section 35j - PD, Curriculum and Supports
- [Student Loan Repayment Program \(michigan.gov\)](#)
- [31aa-FAQ--2023-2024.pdf \(michigan.gov\)](#)
- [35j FAQs](#)



# Questions?

**Kevin Walters**

Supervisor, Grants Office

Office of Financial Management, State Aid & School Finance

810-728-5254 (cell)

[waltersk5@michigan.gov](mailto:waltersk5@michigan.gov)



# FY25 School Aid Budget Development

Phil Boone

Michigan Department of Education

MSBO Annual Conference

April 24, 2024



# Foundation Allowance

## **Executive Recommendation**

- Target FDN = \$9,849 (\$241 increase)
- Cyber FDN = \$7,879 (\$1,271 decrease)

## **Senate Proposal**

- Target FDN = \$9,910 (\$302 increase)
- Cyber FDN = \$7,928 (\$1,222 decrease)

# Section 31a At-Risk

## **Executive Recommendation**

- Total allocation = \$975,800,000
- Opportunity Bands included
- Allows up to 30% of funds to be used for recruitment and retention in 90% ED districts.

## **Senate Proposal**

- Total allocation = \$1,074,620,500
- Opportunity Bands included
- Allows up to 60% of funds to be used for recruitment and retention

# Special Education

## **Executive Recommendation**

- FY24 formula carries over into FY25
  - Full Foundation amount
  - 28.6138% of cost of education
  - 70.4165% of cost of transportation

## **Senate Proposal**

- Concurs with Executive Rec.
  - Allocates 98% of Executive Rec. total

# Great Start Readiness Program

## **Executive Recommendation**

- Allocation increases from \$525,320,000 to \$684,561,000
  - Administration moves to MILEAP

## **Senate Proposal**

- Allocation increases from \$525,320,000 to \$607,563,100
  - Concurs with Exec in many regards, some eligibility requirements do not concur



# Contact Info

Phil Boone

Assistant Director, Office of Financial Management

Michigan Department of Education

[boonep2@michigan.gov](mailto:boonep2@michigan.gov)

517-899-0796 cell