



MSBO School Finance Committee – Feb 2025 meeting chat
(curated by Jason Helsen, MSBO)

MSBO School Finance Committee welcome

09:32:07 From Jason Helsen to Everyone:

Good morning and welcome! We have an extraordinarily large crowd today so please stay on mute and use the chat function.

09:33:01 From Lillie Rapelje to Everyone:

MSBO is recording today's meeting. Materials are posted on the School Finance Committee webpage. School Finance Services – MSBO

Bob Kefgen, MASSP – Legislative Update

09:41:05 From Thomas Wall to Everyone:

Please see if Bob can give an update on the State Infrastructure program. Specifically dates of when something will happen.

Note: Bob K did not have an update on SFRF Infrastructure study but MSBO is connecting with SFRF and will have updates at the Annual Conference (and possibly sooner).

09:44:10 From Amy Swantek to Everyone:

Any update on HB4002? The bill that would help to cleanup the ESTA mess applying to ALL employees.

09:52:46 From Jason Helsen to Everyone:

Replying to "Any update on HB4002? The bill that would help to...":

<https://www.legislature.mi.gov/Bills/Bill?ObjectName=2025-HB-4002>

Note: Bob K provided an update on the bill and deliberations.

10:11:53 From Julie Omer to Everyone:

Is it likely that the bills will get enough votes to have immediate effect?

10:03:27 From Jason Helsen to Everyone:

I was around in the Snyder days...Mark Mesbergen was in elementary school I think

10:04:57 From Mark Mesbergen to Everyone:

I graduated in 2008. I was around for Snyder :)

10:05:37 From Amy Swantek to Everyone:

What about around for Engler, boys?

10:11:40 From Robert Dwan to Everyone:

Bob, MARESA is having a legislative breakfast tomorrow and there is always a spot for questions. For those attending, what would you say are issues that we should address? I don't know who will be there except for the Garland Gilcrest, but they usually have a mix of both Dems and Reps, and some on the committees you just shared. Any input on this would be appreciated!

Note: Bob offered some thoughts on the budget timing and simplifying the budget challenges through fewer and less complicated funding streams for districts.

10:17:14 From Robert Dwan to Everyone:

THANK YOU! Great advice!

10:16:55 From Neil Cassabon to Everyone:

Not really a question, but I can't get an answer from anyone on how does ESTA work with my substitute teachers. How do they call in sick when they don't even have a permanent schedule?

10:18:00 From Neil Cassabon to Everyone:

We employ them direct

10:18:16 From Liz Eastway to Everyone:

We are meeting with Admin staff Neil to figure out procedures of how subs will call in and then be re-subbed. Crazy stuff..LOL

10:19:14 From Miranda Owsley to Everyone:

Last presentation I attended from Thrun stated that House Bill 4002 addressed some of that - something along the lines of variable employees would not apply/qualify. Just paraphrasing.

10:18:35 From Andy Nurenberg to Everyone:

Any indication on when the House & Senate will put out their budget proposals?

Note: Bob mentioned the goal of having budget proposals by Spring Break but is not optimistic that both will be out by that point. He thinks House may wait a little longer.

10:22:15 From Jason Helsen to Everyone:

Bob's presentation is linked here:

https://docs.google.com/presentation/d/19Kfb9_ayyv6BVa1uBZzYZR_qNwX2mojP5sYKWPI_DIM/e dit#slide=id.g28789c3a7c2_0_113

Chris May, MDE, and Emma Mann and Patrick Guysky, ORS – Sec. 147g

10:22:29 From Jason Helsen to Everyone:

Materials related to this discussion will be posted after the meeting

10:24:46 From Jason Helsen to Everyone:

Emma and Patrick, thanks for joining us today! We really appreciate the time spent on this important topic.

10:32:22 From Brad Storms to Everyone (Re: Sec. 147c2):

If we already have grant codes assigned to some of these 147 accounts in our ledger, would it be preferred that we remove them or fine to leave them coded to those grant codes if already setup?

Note: Chris stated that it's not required to remove – districts have the option to use the code(s).

Multiple questions about Sec. 147g and February State Aid reports:

Only the html versions of the SASR's are out there right now for Feb 2025.

<https://mdoe.state.mi.us/samspublic/Home/>

Or check here: https://www.msbo.org/wp-content/uploads/2025/02/GrantBasedICDAllowancesByMonth_444_Report.pdfStatusReportDetail

Multiple questions about Sec. 147g and dates to reimburse:

10:39:49 From Emma Mann to Everyone: Good morning - you will reimburse employees for State fiscal year 2025 (10/01/2024 -09/30/2025)

Q: Does this include inactive employees? I have heard yes and no for reimbursing them.

A: 10:42:37 From Emma Mann to Everyone: This includes employees that were active between 10/01/2024 -09/30/2025.

Multiple questions about Sec. 147g and DTL2 DTL4 ORS reporting:

10:46:39 From Brenda Thornton to Everyone:

This seems like double dipping since the original wages were reported when earned and this is a refund of a deduction that was withheld from already reported wages.

10:45:35 From Emma Mann to Everyone:

Replying to "Could Patrick or Emma confirm that a DTL4 record i...":

Hi Liz - 147g is reportable on a DTL4 record for active employees. Our compensation auditing team has put together a newsletter article for February (will be sent next week) that will help explain the current reportability guidance.

10:57:54 From Jill Boston to Everyone:

Replying to "It is not ORS reportable.":

The Sec. 147g healthcare reimbursement is not reportable on a Detail 2 — Wage and Service records (DTL2) record. It is reportable on a Detail 4 — DC Contribution records (DTL4) record, but only for members who were active in FY 2025. It is not reportable on a DTL2 or a DTL4 record for members who are retired or terminated at the time of the reimbursement payment.

11:05:33 From Vivian Dassay to Everyone:

I read that if the employee resigned or retired at the time the district reimburses the 3% then it is not reportable for DTL2 or 4, is this correct

11:07:05 From Emma Mann to Everyone:

Replying to "I read that if the employee resigned or retired at...":

Hi Vivian. That is correct.

11:07:21 From Dan Romzek to Everyone:

Don't forget...you're ONLY reimbursing for employees who are contributing to the HCF...this does not apply to all employees. I think that goes without saying, but based on some of the questions, I'm throwing it out there...

11:01:06 From Emma Mann to Everyone:

Replying to "It is not ORS reportable.":

@Jill Boston Hi Jill - you will reimburse the employee for when they were active in State fiscal year 2025. If the employee worked for 10/01/2024-10/31/2024 and left 11/1/2024, they will be reimbursed for the October timeframe when they were active.

Multiple questions about FICA costs on reimbursements:

10:45:35 From Jason Helsen to Everyone: Lynne - we'll ask. My view has been consistent - the FICA cost and any additional DC is the responsibility of the employer. I know that may not be popular, but I expect this will be the result.

10:47:02 From Jason Helsen to Everyone:

Replying to "Do we have to pay employer FICA on this?":

Yes, in a roundabout way. Remember the deduction is what is creating a FICA savings. Reversal/reimbursement of the deduction restores the original FICA cost for the district

10:52:54 From Jason Helsen to Everyone:

Replying to "Do we have to pay employer FICA on this?":

@Liz Eastway Yes, I understand. Not debating that there is an increased cost on the books. And obviously there is a huge commitment in district time and therefore \$\$ to deal with all these questions and to get it right.

11:19:24 From Dan Romzek to Everyone:

Replying to "will the technical fix also cover the FICA and DTL...":

You already saved the FICA when you deducted the funds earlier in the year. I don't budget FICA savings from HCF when I do the budget...I apply 7.65% to total salary for budgeting. Thus, it's already in the budget.

Multiple questions about the allocations and sufficiency to cover the full 3% for a year:

10:44:02 From Jamie Carnes to Everyone:

Any supplemental needs to consider the fact that on July 1st, we start a new fiscal year with likely increased wages. Initial allocation based on 23/24 wages, yet we will pay out mostly on 24/25 wages and partially on 25/26 wages.

10:42:30 From Emili Jones to Everyone:

So if the state's recommendation is to reimburse at 100% of the current 3% deduction and the supplemental legislation is not approved, the district just loses those funds?

10:45:32 From Roger Auwers - JCISD to Everyone:

Any thoughts on whether the technical fix would adjust the amount available? It seems that the current amount will not be sufficient. Plus, districts will be liable for employer share of FICA on this 3% when paid out to employees.

10:44:00 From Hailey Smith to Everyone:

Is there a time frame yet of when we can expect to receive the funds that will make us whole for current year 3%?

11:13:45 From Joesphine Hill to Everyone:

We are not even receiving what employees had withheld in 23-24 in 147g. It will not cover everyone for 24-25 either.

11:08:13 From Jill Boston to Everyone:

Do we only need to reimburse employees up to our allocated amount, or do we have to reimburse the full amount for the timeframe even if it is above our allocation. I have heard both.

11:10:29 From Jason Helsen to Everyone:

Replying to "Do we only need to reimburse employees up to our a...":

@Hailey Smith that's my understanding. I realize this is not putting everyone's mind at ease, but it gives us a route to "fixing it" that we can all support and communicate

11:11:31 From Hailey Smith to Everyone:

Replying to "Do we only need to reimburse employees up to our a...":

@Jill Boston I believe Chris said that we would officially hear on the technical fix sooner rather than later but he is confident it will come through

11:11:31 From Dan Romzek to Everyone:

Simply stop reimbursing once the funds run out until more funds arrive...

11:12:07 From Dan Romzek to Everyone:

And if there isn't enough \$\$ to reimburse Oct-Feb, simply reimburse what you have received.

11:12:25 From Dan Romzek to Everyone:

IF more \$\$ arrives, then reimburse it at that time.

11:12:49 From Jason Helsen to Everyone:

I'm not endorsing what Dan and Neil have stated but that makes a lot of sense to me...very logical

11:13:23 From Jody Malbon to Everyone:

Replying to "Simply stop reimbursing once the funds run out unt...":

We don't intend to pay back any more than we receive from the state. We will refund 100% up until the point that we need to prorate and will pay one month behind to reconcile each of the reimbursement payments.

11:13:44 From Brian Marcel to Everyone:

Replying to "IF more \$\$ arrives, then reimburse it at that time...":

But that's not fair to employees that start at your district later in the year. I was planning to do Mark's prorated payment method

11:32:54 From Rob Spagnuolo to Everyone:

I would recommend prorating the amount you pay employees all along and then reconcile to actual at the end. That way you should be able to give everyone the same proration percentage.

Supplemental budget language links and clarification:

10:53:42 From Chris Frank to Everyone:

<https://www.michigan.gov/budget/-/media/Project/Websites/budget/Fiscal/Supplementals-and-Mid-Year-Adjustments/2025-Supplemental/Supplemental-Request-2025-2-Education.pdf?rev=2f6932d82e974e5caeced073de1215f9&hash=88A933D1ACEC32745B1A6818940300D7>

10:54:20 From Jason Helsen to Everyone:

Replying to "Supplemental language":

Thank you, Chris. Those are linked on this page: <https://www.michigan.gov/budget/budget-documents/mid-year-adjustment->

10:55:11 From Chris Frank to Everyone:

Replying to "Any thoughts on whether the technical fix would ad...":

Roger - The supplemental language covers that.

(6) In addition to the appropriations in section 11, if the amount allocated in subsection (1) is insufficient to fully fund costs calculated in subsection (2), there is appropriated from the MPSERS retirement obligation reform reserve fund created in section 147b the amount necessary to fully fund these costs.

Multiple questions and discussion about the timing and method of payments to your employees:

11:28:58 From Michelle Sine to Everyone:

We are paying on a quarterly basis on a special payroll. We plan on paying out the exact 3% withheld even though there will be a variance on the funding. Following individual employee payroll function.

11:17:19 From CQ954TT2F5 CQ954TT2F5 Device without name to Everyone:

GISD is paying 2/21 retro payments based on deductions withheld through 2/21, monthly thereafter. We will continue that process until we run out of money if no technical fix. Communicated with impacted staff.

11:15:53 From Dan Romzek to Everyone:

The amount in Feb SASR is the district's share of the \$151.8M statewide appropriation that is in the School Aid Act. There is NO other adopted law to provide more funds. Reimburse up to what you received in Feb and wait/see IF a supplemental happens.

11:13:48 From Wendy Richards to Everyone:

My plan is to reimburse the full 3% and watch the technical fix, I can prorate May for the first pay in June to the allocation if that is what we are supposed to do, I am hoping we know one way or another on the fix by then (I am also only reimbursing in the first pay for the prior month)

Multiple questions and comments about the accounting treatment:

11:32:07 From Jenna Cole to Everyone:

Do the expense accounts need the school codes for the 100-210's function codes?

11:32:30 From Jason Helsen to Everyone:

Replying to "Do the expense accounts need the school codes for ...":

I think you would follow the general FID/chart of account rules there, so most likely yes

11:32:50 From Christopher May to Everyone:

Replying to "Do the expense accounts need the school codes for ...":

for reimbursements in those functions, yes

11:26:18 From Christopher May to Everyone:

Replying to "Is there a possibility that charging to 2820 give ...":

no Grant Code-level errors in FID for benefits without salaries

10:48:53 From Liz Eastway to Everyone:

Should we expense 147g to SPED or will that cause a maintenance of effort issue? And should we expense to grants since the amount is not included in our approved applications?

10:50:01 From Jason Helsen to Everyone:

Replying to "Should we expense 147g to SPED or will that cause ...":

Great question. I don't believe it will create an MOE issue and we can dig into that a little more during my time. Chris is also going to issue some level of accounting guidance as part of this so that will be important for all to review.

Multiple questions and comments about the administrative burden of this program:

11:18:25 From Roger Auwers - JCISD to Everyone:

Is the “school community” making sure the legislature hears loud and clear how much time and energy we are wasting trying to implement this mess they created?

11:19:09 From Jason Helsen to Everyone:

Replying to "Is the “school community” making sure the legislat...":

I haven't stopped talking about it since this came out. The disrespect from some of the legislators toward district administrators on some of these issues is disheartening.

11:17:42 From Pam Stermer to Everyone:

I hope that message is going back to legislators Jason, like Bob Kefgen said, stop these silly and time-consuming things. We cannot keep doing these things.

11:26:05 From Shawn S to Everyone:

It would have been a whole lot easier to just reimburse us 100% in October and then we reimburse the employees. Stop taking the 3% and reimburse 24-25 up to that point. That would have been MUCH cleaner. One payment in and out.

11:28:08 From Liz Eastway to Everyone:

Replying to "It would have been a whole lot easier to just reim...":

It all would be easier if those who write the legislation had some idea of how their writing of legislation affects so many things...LOL

11:28:10 From Jason Helsen to Everyone:

Replying to "It would have been a whole lot easier to just reim...":

Agreed. I think it's fair to communicate this to your legislators. This is one of those proverbial "push of the button" things and it drives me nuts to hear them say that, because they have no idea.

11:30:38 From msvwillford to Everyone:

Replying to "It would have been a whole lot easier to just reim...":

It would have been a whole lot easier if they would have just stopped the deductions on October 1, 2024. Then none of this would be an issue. I guess I'll never understand why the government does

11:23:24 From Lisa Pointer Seidner to Everyone:

Thinking they need to look at increasing our 152a funds because of all these additional requirements placed on business offices. Logically, if we had turned off the 3% w/h in October, this wouldn't be an issue. Some of the things they do. 🙄

MSBO Update

11:40:31 From Michelle Sine to Jason Helsen (direct message):

Can this worksheet be shared out just as a template?

Note: MSBO will share this template or something like it to highlight some key pieces of the Governor's proposal.

11:42:17 From John Gilchrist to Everyone:

Jason, I may have missed this earlier as I stepped away for a minute but anything related to Governor's proposal regarding roads and 100% of gas tax going towards roads which would shift funds out of SAF?

Note: Discussions have included replacement revenue for SAF & K-12 but highlight the danger of continued revenue erosion in the long-term.

11:45:42 From Kara to Everyone:

SWMSBO March 5 Conference - \$45 can't go wrong with that price ...

Note: link - <https://swmsbo.ticketspice.com/2025-70th-annual-swmsbo-conference>

11:49:28 From Chris Frank to Everyone:

Anyone who knows me knows I love a good spreadsheet and the one that Jason shared out earlier is a good one, so I applaud whoever created that. The one caveat I would have is that while it factored in the impact of lost 147a(4) revenue, it did not appear to include the continued 147g revenue that would be coming in to offset about 1.5 of the 2.58% increase seen in OPEB normal costs.. 147g is only for one year though!

11:50:26 From Amy Swantek to Everyone:

Replying to "Anyone who knows me knows I love a good spreadshee...":

Is the total of that the \$90M, Chris?

11:50:41 From Chris Frank to Everyone:

Replying to "Anyone who knows me knows I love a good spreadshee...":

Yes, that \$90 million