

# MDE State Aid & School Finance Update

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**Office of Financial Management**

**Southwest Michigan School Business Officials**

**March 10, 2022**



# 2022-23 School Aid Budget Development

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# Executive Recommendation – Weighted Funding Model

- **Presented to the legislature on February 9, 2022**
- **Total funding of \$18.4 billion represents a \$580 million (5%) increase**
  - Focus on educator recruitment and retention



# Foundation

- **Per-pupil Foundation amount increases by \$435, from \$8700 to \$9135**
  - 5% increase at cost of approximately \$580 million
- **Cyber School Foundations would remain at \$8,700 per pupil**



# Section 31a At-Risk

- **Funding increases by \$222 million to \$772 million**
  - Now fully funded at 11.5% of Target Foundation
  - All districts will receive the full 11.5%



# Section 51f Special Ed Cost Reimbursement

- **Increases by \$150 million to \$240 million**
  - Approximate reimbursement rate increases from 3% to 8%



# Vocational/Career Tech Ed

- Section 61a - Added cost reimbursements – increase of \$10 million
- Section 61c - CTE Equipment Grants – funded at \$10 million
- Section 62 - Vocational Education Millage Equalization – increased by \$10.8 million to \$20 million



# Weighted Funding – additional 5% increases

- Section 81 ISD Operations
- Section 22d Rural/Isolated Districts
- Section 41 English Language Learners





# Educator Recruitment

- **Mi Future Educator Fellowship\***
  - *\$150 million one-time in FY22 and \$100 million ongoing in FY23*
  - Up to \$10,000 per year for students enrolled in eligible educator preparation programs.
- **Mi Future Educator – Student Teacher Stipend**
  - *\$150 million one-time in FY22*
  - \$9,600 per semester for student teachers. Funding is intended to last for up to 5 years.
- **Mi Future Educator – Graduate Fellowship\***
  - *\$50 million one-time in FY22*
  - Tuition assistance of up to \$10,000 for individuals earning a school administrator certificate or completing graduate-level training to become a school administrator, school-based mental health professional, or a special education administration professional.
- **Grow Your Own Programs**
  - *\$150 million one-time in FY22*
  - Resources to school districts to help non-credentialed staff working in buildings get the education and training they need to become teachers. Funding is also included to get more students in grades 6-12 interested in the teaching profession.



*\* Recipient must agree to working 2 years in a public school or preschool for each year an award is received. If they do not do so, the award converts to a 0% loan.*

# Educator Retention

- **Educator Retention Bonus Payments**

- *\$1.5 billion one-time in FY22*
- Provides payments to eligible staff over the next 4 years, beginning this fall.
- Teachers and other certified staff would be eligible for up to \$11,000 (Years 1 and 2 = \$2,000; Year 3 = \$3,000; Year 4 = \$4,000)
- Administrators, paraprofessionals, non-instructional staff are eligible for up to \$4,000 (\$2,000 in Years 1 and 2)
- To maintain eligibility, staff must continue to work with their current school district or work in a schoolwide Title I eligible building.

- **Onboarding and Mentoring**

- *\$50 million ongoing (beginning in FY22)*
- Provides funding for partnerships with educator preparation programs to create cohorts of support with similarly experienced teachers to allow sharing of experiences and best practices
- Provides funding do districts to develop mentor teachers in school buildings through stipends, resources, and professional development.

- **Innovative Partnerships**

- *\$75 million one-time in FY22*
- Payments to partnerships between districts, intermediate districts, institutions of higher education, and other stakeholder groups to assess educator workforce issues facing districts within their region.
- Funding may be used to implement strategies to address these issues.



# School Infrastructure

- **School Infrastructure Fund:**
  - Deposits \$1 billion (SAF) into the new fund in FY22.
  - Beginning in FY23, appropriates \$170 million annually until the fund is spent.
  - Fund is expected to last through FY28.
- Annual appropriations would offset school district infrastructure costs, including replacing or renovating structures.
- Funding would be awarded competitively to applicant districts using a method that considers:
  - Poverty level of the district.
  - The ability of the district to generate local revenue for projects.
  - The level of health or safety threats being addressed.
  - Whether the district previously received awards from the fund.



# Student Safety

- **School Safety Grants - \$51 million**
  - Funds existing program for grants to public schools. Includes \$1m to evaluate the effectiveness of these grants. Adds the hiring of school resources officers as an eligible use of funds, but districts must demonstrate ability to fund beyond length of grant.
- **Cross-System Interventions - \$15 million**
  - Pilots a program to identify and support middle and high school students who are determined to be at risk of committing acts of violence.
  - Collaborative, cross-system partnership between schools, law enforcement, and mental health professionals.
  - Pilot would be implemented in at least 5 communities.



# Early Learning Opportunities

- **GSRP Allocations** - \$33 million
  - Implements year 2 of the planned GSRP expansion. (\$12 million). *Shifts expansion from federal ARPA dollars to SAF.*
  - Increases the per child, full-day allocation to \$9,135. (\$21 million)
- **GSRP Classroom Startup Grants (FY22)**
  - Provides \$30 million for costs associated with new or expanded GSRP classrooms.
  - ISDs would be eligible for up to \$25,000 per new or expanded classroom.
  - Funds could be spent on staffing needs, learning space reconfigurations, and outreach.
- **GSRP Home-Based Pilot**
  - Pilot a program for GSRP-like programming in licensed childcare homes to expand access to those children without nearby preschool programs
- **Early On** – Additional \$7.1 million (50% increase).
- **Great Start Collaboratives** - \$9.5 million
  - Increases funding by \$7.5 million to expand enrollment efforts in state early education programs.
  - Provides \$2 million to expand home visitation programs.



## Other New Programs

- **Before and After School Programs** - \$50 million (\$25m one-time and \$25m ongoing)
- **Oxford Response** - \$6m in FY22. Intended to be spent over two years
- **DPSCD** - \$94.4m in FY22 for literacy initiatives, per the *Gary B v Whitmer* settlement.
- **MPSERS** – Adds \$12.1m to provide 147a MPSERS cost offset payments to ISDs and libraries



# Other Technical Adjustments

- **Federal Funds**

- Increase is primarily due to anticipated higher authorization for federal school meals programs. Federal government created additional flexibilities for spending and higher food costs have increased amounts available to states.
- Removes authorization for federal STEM payments since funding is not longer available.
- FY22 supplemental reappropriates remaining Sec. 23b and 23c (summer school programs) to be used for same purposes this summer

- **Assessments**

- \$8m increase due to additional assessment requirements added over past 5 years and increasing contract costs.

- **Nonpublic Schools**

- Removes funding for nonpublic schools from Robotics programs, school safety grants, and Sec. 152b

- **MiBLSi**

- The Michigan Integrated Behavior and Learning Support (MiBLSi) Initiative is now known as Michigan's MTSS Technical Assistance Center

- **MI-STEM Admin** – Administrative dollars (\$300.0) were moved to the LEO budget.



# Contact Information

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**State Aid & School Finance Web Page**

Mi.gov/sasf





# Accounting and Financial Reporting Update

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# Financial Accounting Guidance During the COVID-19 Pandemic

[http://www.michigan.gov/documents/mde/COVID-19\\_Accounting\\_Guidance\\_691616\\_7.pdf](http://www.michigan.gov/documents/mde/COVID-19_Accounting_Guidance_691616_7.pdf)

- Recently updated to include:
  - Emergency Connectivity Fund (ECF) accounting
  - New Fall 2021 Child Care Relief
  - Accounting for new school nutrition funds (Emergency Operations, Seamless Summer Option, Pandemic EBT Local Costs, etc.)
  - Revenue recognition/reclassifying expenditures
  - ARP and IDEA ARP coding
- Updates will continue as additional guidance is needed on new and existing funding sources, unique accounting situations, etc.



# Emergency Connectivity Funds (ECF)

- CFDA/ALN 32.009
- Similar to “traditional E-Rate”, but separate federal “grant” **subject to Single Audit** (unlike E-Rate’s “rebates” netted with expenditures)
- Revenue: Major Class 419 (federal revenue received from non-governmental entity – USAC), Suffix 0000
- Expenditures: Grant Code 440



# Fall 2021 Child Care Relief Funds (Child Care Sustainability Grant)

- Additional funding through the American Rescue Plan (ARP)
- Payments beginning week of January 10<sup>th</sup>, 2022
- Additional awards expected in March 2022 if reporting requirements are met
- Revenue: Major Class 414, Suffix 0250
- Expenditures: Grant Code 701
- Questions: MDE Office of Child Development and Care:  
866-990-3227 x2, or Great Start to Quality Resource Center:  
877-614-7328



# Pandemic EBT (P-EBT) Local Costs Grant

- CFDA/ALN 10.649
- Revenue should be recognized in the Fund that incurred the most expenses from administering P-EBT in FY21 (includes allowability to record in General Fund): Major Class 414, Suffix 0110
- Expenditures should match revenue reported, may require “net-zero reclassifying entries” described in Revenue and Expenditure Recognition Considerations section of guidance. Grant Code 664
- Questions: MDE Office of Health and Nutrition Services, Fiscal and Administrative Unit – [MDE-Fiscal@michigan.gov](mailto:MDE-Fiscal@michigan.gov).



# Food Service Grant Coding & Other Info

CFDA#	MDE Grant/Program ID#	CMS/NEXSYS/SAMS Grant Name	Accounting Manual Grant Code	Date Range	Notes
10.559	210900	SFSP Operating	858X	October 1, 2020- September 30, 2021	First day of SFSP service through the last day of SFSP service before the new school year starts
10.559	210904	SFSP Operating	858X	October 1, 2020- September 30, 2021	First day of SFSP service through the last day of SFSP service before the new school year starts, along with Extended SFSP during SY20-21
10.558	211925	Emergency Operations - CACFP Meals	853X	July 1, 2021 -June 30, 2022	For Sponsors that receive an Emergency Operating Costs CACFP Reimbursement Payment
10.555	211965	Emergency Operations - SNP Meals	851X	July 1, 2021 -June 30, 2022	For Sponsors that receive an Emergency Operating Costs School Nutrition Program (SNP) Reimbursement Payment
10.558	211920	CACFP Meals	853X	October 1, 2020- September 30, 2021	For Sponsors that participate in the Child and Adult Care Food Program for SY21-22
10.558	221920	CACFP Meals	853X	October 1, 2021 - September 30, 2022	For Sponsors that participate in the Child and Adult Care Food Program for SY21-22
10.558	212010	CACFP - Cash in lieu	853X	October 1, 2020- September 30, 2021	For Sponsors that participate in the Child and Adult Care Food Program Cash in lieu for SY21-22
10.558	222010	CACFP - Cash in lieu	853X	October 1, 2021 - September 30, 2022	For Sponsors that participate in the Child and Adult Care Food Program Cash in lieu for SY21-22
10.555	211961	Seamless Summer Option (SSO) - Lunch	851X	July 1, 2021 - September 30, 2022	For Sponsors that choose to participate under the Seamless Summer Option for NSLP and SBP for SY21-22.



[https://www.michigan.gov/documents/mde/Food\\_Service\\_Fund\\_Grant\\_Coding\\_SY\\_21-22\\_Posting\\_Version\\_742165\\_7.xlsx](https://www.michigan.gov/documents/mde/Food_Service_Fund_Grant_Coding_SY_21-22_Posting_Version_742165_7.xlsx)

# Reclassifying 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: CRF expenditure period goes back to March 1, 2020 but revenue could not have been recognized in FY20
- 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



# Reclassifying Expenditures (cont.)

- Example: Reclassification of FY20 expenditures of Coronavirus Relief Funds (CRF) funds not yet assigned to Grant Code
  - Net zero expenditure entry to reclassify prior year expenditures to another funding source
  - \$10,000 of teacher salaries covered by CRF funding as example
    - Debit                    11-113-1240-**7990**                    **\$10,000**
    - Credit                    11-113-1240-**0000**                    **\$10,000**
- Reclassifies expenditures to CRF in FY21 without inflating totals while showing CRF expenditures in one fiscal year only (prevents double counting)
- Reclassification concept not limited to CRF





# New Benchmark Assessment Grants

- Grant awards handled by MDE's Office of Assessment and Accountability
- Three separate funding sources for awards (varies by district)
  - State Aid Section 104
  - GEER II
  - ESSER II Discretionary
- Critical for each district receiving funds to review Grant Award Notification for proper coding
  - GEER II and ESSER II districts – subject to Single Audit
- Questions related to these funds/GANs – contact Carol Skillings at [skillingsc@michigan.gov](mailto:skillingsc@michigan.gov)



# Publication of 2020-21 Bulletins 1011 & 1014

- FY21 Bulletins 1011 and 1014 were published in February
  - <https://www.michigan.gov/mde/0,4615,7-140-6605-21539--,00.html>
  - <https://www.michigan.gov/mde/0,4615,7-140-6605-21514--,00.html>
- 1011 – Statewide and “Grouped” (by membership) total and per-pupil data elements
- 1014 – District-level (by county) per-pupil data elements ranked highest to lowest (statewide)
  - Excellent resource to compare revenue, expenditure, and other data with neighboring districts, districts of similar size, and statewide averages/rankings



# Resources

## [Financial Accounting Guidance During the COVID-19 Pandemic](#)

## [Michigan Public School Accounting Manual](#)

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

## [Accounting for State School Aid Revenues](#)

- Recently updated with new FY22 categoricals

## [Program Allocations](#)

- All federal program allocations (incl. ESSER, GEER, etc.)



# Contact Information

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**ESSER and other grant-related questions (applications,  
budgets, eligibility, district status, etc.)**

[MDE-CARES@michigan.gov](mailto:MDE-CARES@michigan.gov)

