State Aid & School Finance Update

Phil Boone – Assistant Director
Christopher May - Financial Specialist
2020 School Aid Budget
Foundation Amounts

• Minimum Foundation for DISTRICTS increases $240 from $7871 to $8,111.
• Basic-Target Foundation for districts increases $120 from $8,409 to $8,529.
• Districts between $7,871 and $8,409 in 2019 increase on sliding scale.
• Public School Academies lost their increase to a veto, and remain at the 2019 Foundation of $7,871.
2020 31a Funding

• Increases from $499,000,000 to $510,000,000.
• 30% allocation for districts with revenue above target foundation.
• Supplemental reduced from $18,000,000 to $12,000,000.
• Supplemental no longer holds districts harmless from declining enrollment.
• Changes not incorporated in October payment, adjustments coming in November.
• If your district was subject to reduction to 30% in 2019 prior to supplemental, expect negative adjustment.
Line Item Vetoes

- 22d Isolated Districts
- 25f Strict Discipline Academies
- 25g Dropout Recovery Programs
- 31b Year-Round Instruction Grants
- 31j Local Produce in School Meals
- 35a Michigan Education Corps, Literacy Essentials, Literacy Intervention
- 35b Children’s Choice Initiative
- 35c Multi-Sensory Education
- 35d Social-Emotional Learning Pilot
Line Item Vetoes

• 54e Autism Interventions
• 55 Conducive Learning Center
• 61a Culinary Arts Education
• 61b CTE Early/Middle Colleges New and Expanded Programs
• 61c CTE Equipment
• 61d CTE Per Pupil Incentive Payment
• 64d IT Certification Opportunities
• 67a College Board Career Finder
• 67B Michigan Industrial and Technology Education Society
Line Item Vetoes

• Many supplemental bills are in place to restore vetoed line items, in anticipation of successful negotiations.

• Stay tuned for changes.
Questions?

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BooneP2@michigan.gov
Accounting & Financial Reporting Update

- Accounting Manual (1022) Updates
- FID Updates
- ESSA School-Level Expenditure Reporting
Accounting Manual Updates

• Change Notice #28
  • January 2019
  • Misc. coding changes and Food Service Bad Debt guidance

• Change Notice #29
  • March 2019
  • GASB #84 guidance and coding changes (*not in FID chart of accounts yet*)
FID – What’s New

• Revenue Suffix Codes
  • System currently allows invalid codes (>1000) for internal use
  • Change to allow only 1022-defined codes beginning phase-in
    • 18-19: Warning, 19-20 and following: Error
  • Check position of zeros in your Suffix Codes
    • (0010 – foundation,1000 – invalid)
  • Use “Other” coding dimension for internal tracking as needed
    • Differentiating property tax collections, misc. revenues, etc.
FID – What’s New

• OPEB Liability
  • Error check to ensure LEAs and ISDs report amount greater than zero on either Balance Sheet file upload or District Data Entry screen (most common)

• State Aid Data Quality Checks
  • Three checks (unrestricted, restricted SE, and restricted Voc Ed) being removed from District File Status screen
  • Data quality checks will continue being done internally, verify accurate Major Class and Suffix Code usage
FID – What’s New

• New ESSA Building Level Expenditure Report
  • Opportunity to preview school-level PPE calculations
  • Make corrections before submitting
  • More details later!

• Please view this report before submitting – it will become public in Spring 2020 and highly sought after by parents, press, researchers, etc.
FID – Migration to MI Login

• FID no longer uses MEIS login, moved to MI Login between FY18 and FY19 collections
• Several CEPI communications to existing FID users and superintendents in recent months
• As of 8/29, 199 districts did not have a FID user set up in MI Login
  • New users (no FID access before 18-19): could take several weeks to gather necessary approvals and have access granted by CEPI
  • Existing FID users: 1-2 business days for access to be granted by CEPI

• Complete steps for MI Login access ASAP. Waiting until ready to submit could result in no access to submit and State Aid withholding
ESSA School-Level Reporting

**Required on State and LEA ESSA Report Cards:**

The per-pupil expenditures of Federal, State, and local funds, including actual personnel and actual nonpersonnel expenditures of Federal, State, and local funds disaggregated by source of funds, for each local education agency and each school in the State for the preceding fiscal year.
Calculation Methodology

• **(A)** Enrollment: Fall FTE

• **(B - D)** Site-Level Expenditures: Expenditures reported with a building code
  • Function 1xx & 24x at minimum
  • Exclusions (Adult Education, Capital Outlay, Community Services, etc.)
  • Preschool Instruction expenditures will also be separately excluded

• **(E - G)** Site Share of Central Expenditures: Expenditures reported without a building code
  • Exclusions (Adult Education, Capital Outlay, Community Services, etc.)

• **(H)** Total School Expenditures: \((D + G) / A\)
  • This figure should be used for comparisons
Calculation Methodology (cont.)

• Federal & State/Local Disaggregation
  • Federal: Grant Codes 400-899
  • State/Local: All remaining expenditures

• Shared time and other expenditures outside district
  • FID will allow usage of nonpublic building codes
  • Report card will have separate exclusion for expenditures coded to “Other Schools Outside of District (since there will be no corresponding Enrollment figure for those expenditures)

• Exclusions (even if reported with building code)
  • Capital Outlay, Community Services, Preschool Instruction, etc.
## Public Schools for 2017-2018
### Per Pupil Expenditures

<table>
<thead>
<tr>
<th>Enrollment</th>
<th>Early Middle College</th>
<th>Middle School</th>
<th>Senior High School</th>
<th>Upper Elementary School</th>
<th>Elementary School</th>
<th>Early Elementary School</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal</td>
<td>$0.00</td>
<td>$0.07</td>
<td>$0.00</td>
<td>$267.33</td>
<td>$0.00</td>
<td>$87.75</td>
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<tr>
<td>State/Local Expenditures Per-Pupil</td>
<td>$7,977.66</td>
<td>$7,002.08</td>
<td>$6,862.82</td>
<td>$5,760.68</td>
<td>$7,324.21</td>
<td>$6,892.85</td>
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<tr>
<td>Total Site-Level Expenditures Per-Pupil</td>
<td>$7,977.66</td>
<td>$7,002.14</td>
<td>$6,862.82</td>
<td>$6,028.01</td>
<td>$7,324.21</td>
<td>$6,980.60</td>
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<tr>
<td>Central-Level Federal Expenditures Per-Pupil</td>
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<td>$420.23</td>
<td>$420.23</td>
<td>$420.23</td>
<td>$420.23</td>
<td>$420.23</td>
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<tr>
<td>Central-Level State/Local Expenditures Per-Pupil</td>
<td>$2,865.23</td>
<td>$2,865.23</td>
<td>$2,865.23</td>
<td>$2,865.23</td>
<td>$2,865.23</td>
<td>$2,865.23</td>
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<tr>
<td>Total Expenditures Per-Pupil</td>
<td>$11,263.12</td>
<td>$10,287.60</td>
<td>$10,148.28</td>
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<td>$10,266.06</td>
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</table>

### District-Level Exclusions

<table>
<thead>
<tr>
<th>District</th>
<th>Excluded Expenditures</th>
<th>Preschool Instructional Expenditures</th>
<th>Nonpublic Expenditures</th>
<th>Other Schools Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charlotte Public Schools</td>
<td>$11,775,549.54</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
</tbody>
</table>
Example #1

- Typical, mid-sized school district
- No apparent data quality or reporting issues
- 1st building (EMC) – highest PPE
  - District should be prepared to justify this and any other differences

- One recommendation – could more federal expenditures be coded to buildings?
### Per Pupil Expenditures

<table>
<thead>
<tr>
<th></th>
<th>Early Childhood and Kindergarten Center</th>
<th>Elementary School</th>
<th>County Youth Facility</th>
<th>High School</th>
<th>Elementary School</th>
<th>Middle School</th>
<th>Elementary School</th>
<th>Elementary School</th>
<th>Elementary School</th>
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</thead>
<tbody>
<tr>
<td>Enrollment</td>
<td>394.00</td>
<td>645.00</td>
<td>31.00</td>
<td>1,668.53</td>
<td>537.00</td>
<td>829.88</td>
<td>25.50</td>
<td>521.26</td>
<td>532.00</td>
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<tr>
<td>Federal Expenditures Per-Pupil</td>
<td>$1,191.17</td>
<td>$564.08</td>
<td>$2,237.61</td>
<td>$567.74</td>
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<td>$1,028.03</td>
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<tr>
<td>State/Local Expenditures Per-Pupil</td>
<td>$16,709.98</td>
<td>$6,128.01</td>
<td>$6,850.32</td>
<td>$6,210.19</td>
<td>$0.00</td>
<td>$6,039.58</td>
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<td>$6,600.11</td>
<td>$5,866.45</td>
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<tr>
<td>Total Site-Level Expenditures Per-Pupil</td>
<td>$17,901.16</td>
<td>$6,692.08</td>
<td>$9,087.93</td>
<td>$6,777.93</td>
<td>$0.00</td>
<td>$6,835.18</td>
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<td>$7,628.14</td>
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<tr>
<td>Central-Level Federal Expenditures Per-Pupil</td>
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<td>$279.92</td>
<td>$279.92</td>
<td>$279.92</td>
<td>$0.00</td>
<td>$279.92</td>
<td>$0.00</td>
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</tr>
<tr>
<td>Central-Level State/Local Expenditures Per-Pupil</td>
<td>$2,122.66</td>
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<tr>
<td>Total Central-Level Expenditures Per-Pupil</td>
<td>$2,402.57</td>
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<td>$2,402.57</td>
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<tr>
<td>Total Expenditures Per-Pupil</td>
<td>$20,303.73</td>
<td>$9,094.65</td>
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<td>$9,180.50</td>
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</table>

### District-Level Exclusions

<table>
<thead>
<tr>
<th>District</th>
<th>Excluded Expenditures</th>
<th>Preschool Instructional Expenditures</th>
<th>Nonpublic Expenditures</th>
<th>Other Schools Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grand Ledge Public Schools</td>
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<td>$735,880.01</td>
<td>$173,828.00</td>
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</table>
School Coding Issue

<table>
<thead>
<tr>
<th></th>
<th>Early Childhood and Kindergarten Center</th>
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<tbody>
<tr>
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</tr>
</tbody>
</table>
Single Building With High PPE (youth facility)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enrollment</td>
<td>25.50</td>
</tr>
<tr>
<td>Federal Expenditures Per-Pupil</td>
<td>$0.00</td>
</tr>
<tr>
<td>State/Local Expenditures Per-Pupil</td>
<td>$18,603.60</td>
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<tr>
<td>Total Site-Level Expenditures Per-Pupil</td>
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</tr>
<tr>
<td>Total Expenditures Per-Pupil</td>
<td>$21,006.17</td>
</tr>
</tbody>
</table>
Example #2

• Typical, mid-sized school district with some unique schools

• Significant data quality issue
  • Expenditures of two elementary schools coded to a single school
  • Inflated PPE of one building, zero site-level PPE to the other
  • Critical to correct prior to FID submission

• Expenditures in County Youth Facility and a low-enrollment building with high PPE
  • District must be prepared to justify these expenditures
How This Affects Your Reporting

• Enhanced reporting for LEAs and PSAs beginning 2016-17
  • 100% of Function Codes 11x, 12x and 24x at building level (some were previously 80%), FID Warning in 2016-17, Error in 2017-18 and following
  • Functions 13x and Objects 6xxx and 82xx are not subject to this requirement
  • New FID warning/error anticipated for 2019-20 reporting if no expenditures reported in a building with pupil count >0
• This reporting and ESSA requirement does not apply to ISDs
How This Affects Your Reporting (cont.)

• Other functions reported with a building code will be included at building-level on your report card!! *(encouraged)*

• Additional Function Codes at building level (support services) may be required in the future, but unlikely
  • Pupil Support, Instructional Staff Support, etc.
  • Some states being more prescriptive than others in defining “Site” vs. “Central” costs
Data Review Opportunities

• Calculation methodology applied to 2017-18 data (final) and sample data files emailed to superintendents and FID users.
  • For internal use only, this data will not be publicly posted and no changes are permitted.
  • Intended to help districts identify coding issues in accounting systems and fix prior to beginning 2018-19 reporting

• New system report in FID allowing districts to generate school-level data file with calculation methodology applied.
  • Available once FID files are uploaded (even before submission)
  • Intended to identify remaining issues since Spring 2019 sample and fix prior to final submission.
Accessing This Report in FID

- Reports → “ESSA Bldg Level Expenditure”
- Downloads Excel file similar to earlier screenshots

*Can take some time to download*
ESSA School Level Expenditures
District Level Summary

<table>
<thead>
<tr>
<th></th>
<th>Early Middle College</th>
<th>Middle School</th>
<th>Public Schools Project</th>
<th>Senior High School</th>
<th>Upper Elementary School</th>
<th>Early Elementary School</th>
<th>Elementary School</th>
<th>Elementary School</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enrollment</td>
<td>28.42</td>
<td>362.79</td>
<td>23.50</td>
<td>732.43</td>
<td>535.84</td>
<td>248.00</td>
<td>306.00</td>
<td>227.00</td>
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<tr>
<td>Site-Level Total Federal Expenditures Per-Pupil</td>
<td>$0.00</td>
<td>$0.07</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$263.66</td>
<td>$0.00</td>
<td>$124.74</td>
<td>$849.27</td>
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<tr>
<td>Site-Level State/Local Expenditures Per-Pupil</td>
<td>$6,127.81</td>
<td>$6,846.90</td>
<td>$0.00</td>
<td>$7,094.92</td>
<td>$5,681.70</td>
<td>$631.60</td>
<td>$8,798.67</td>
<td>$9,224.15</td>
</tr>
<tr>
<td>Total Site-Level Expenditures Per-Pupil</td>
<td>$6,127.81</td>
<td>$6,846.97</td>
<td>$0.00</td>
<td>$7,094.92</td>
<td>$5,681.70</td>
<td>$631.60</td>
<td>$8,798.67</td>
<td>$9,224.15</td>
</tr>
<tr>
<td>Central-Level Federal Expenditures Per-Pupil</td>
<td>$413.54</td>
<td>$413.54</td>
<td>$413.54</td>
<td>$413.54</td>
<td>$413.54</td>
<td>$413.54</td>
<td>$413.54</td>
<td>$413.54</td>
</tr>
<tr>
<td>Central-Level State/Local Expenditures Per-Pupil</td>
<td>$2,819.64</td>
<td>$2,819.64</td>
<td>$2,819.64</td>
<td>$2,819.64</td>
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<td>$2,819.64</td>
<td>$2,819.64</td>
</tr>
<tr>
<td>Total Central-Level Expenditures Per-Pupil</td>
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<td>$3,233.18</td>
<td>$3,233.18</td>
<td>$3,233.18</td>
<td>$3,233.18</td>
<td>$3,233.18</td>
<td>$3,233.18</td>
<td>$3,233.18</td>
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<tr>
<td>Total Expenditures Per-Pupil</td>
<td>$9,360.99</td>
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<td>$3,233.18</td>
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<td>$3,764.78</td>
<td>$13,156.58</td>
<td>$13,306.60</td>
</tr>
</tbody>
</table>

Final pupil numbers may be modified to adjust for audit findings and this report should be used for internal data validation purposes only.
These calculations are based on the expenditures submitted in the FID divided by the prior year fall pupil FTE submitted in MSDS. Only students submitted with general education full-time equivalency (FTE) values were included.
Any district entry with building code '0000' are not displayed in the table.

If you have questions regarding the student elements of this report, please follow-up with your district’s authorized MSDS user. If you do not know who these individuals are, please contact CEPI customer support at CEPI@michigan.gov or phone 517-335-0505 for assistance.

<table>
<thead>
<tr>
<th>Exclusions</th>
<th>Preschool Instruction Expenditures</th>
<th>Nonpublic Expenditures</th>
<th>Other Schools Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excluded Expenditures</td>
<td>$10,210,534.40</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
</tbody>
</table>
Recommendations

• Ensure your Superintendent, Board, and other district leadership are aware of this new data that will be visible to the public in early 2020.

• Increase usage of building codes (where practical) in other Support Services functions
  • Anything remaining at district-level (00000) will be distributed among all buildings based on Fall FTE

• Ensure correct Grant Codes are being used accurately for Federal vs. State/Local disaggregation

• Be prepared to answer questions about spending “inequity”
  • Is district prepared to justify expenditure differences and tell its story?
Additional Resources

• ESSA School-Level Financial Reporting webpage
  • https://www.michigan.gov/mde/0,4615,7-140-6605-471058--,00.html
  • Two MDE memos detailing school-level requirement, Michigan’s approach to compliance, and upcoming review opportunities
  • Calculation methodology
  • Additional information, guidance, FAQs, etc. will be posted here

• Interstate Financial Reporting
  • https://edunomicslab.org/interstate-financial-reporting/
Questions?

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Office of Financial Management, State Aid & School Finance
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MayC@michigan.gov