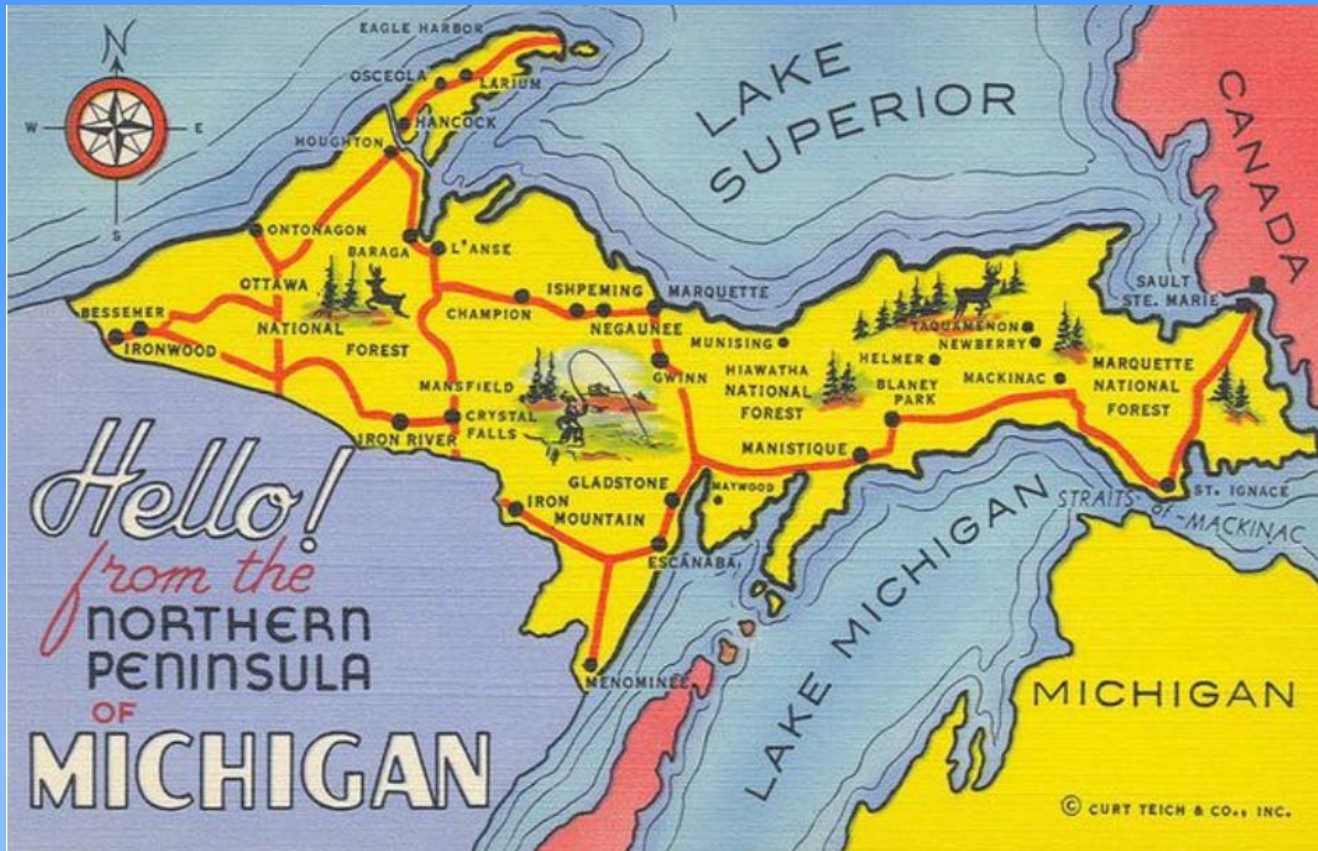




MICHIGAN SCHOOL BUSINESS OFFICIALS



UPSBO

2021 FALL CONFERENCE
October 08, 2021

Robert Dwan

Deputy Executive Director



MICHIGAN SCHOOL BUSINESS OFFICIALS

State Aid 2021-22

Act No. 48
Public Acts of 2021
Approved by the Governor*
July 13, 2021
Filed with the Secretary of State
July 13, 2021
EFFECTIVE DATE: July 13, 2021

* Item Vetoes
Sec. 34a.
Entire Section.

Sec. 78.
Entire Section.

**STATE OF MICHIGAN
101ST LEGISLATURE
REGULAR SESSION OF 2021**

Introduced by Reps. Paquette and Albert

ENROLLED HOUSE BILL No. 4411



MICHIGAN SCHOOL BUSINESS OFFICIALS

State Aid 2021-22

FY 2021-22 SCHOOL AID BUDGET

H.B. 4411 (P.A. 48 of 2021):
INITIAL APPROPRIATIONS WITH VETOES

FY2020-21

~ \$22 B Total Funding

~ \$8 B In Federal Funds

~ \$55 M In GF/GP

FY2021-22

~ \$17 B Total Funding

~ \$2 B In Federal Funds

~ \$85 M In GF/GP

Difference

~ \$6 B Less in Fed

~ \$1 B More in State

Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-2768
Fax: (517) 373-1986

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2020-21 YEAR-TO-DATE*	FY 2021-22 INITIAL APPROPS.	CHANGES FROM FY 2020-21 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	0.0	0.0	N/A	N/A
GROSS	21,720,040,700	16,978,110,700	(4,741,930,000)	(21.8)
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	21,720,040,700	16,978,110,700	(4,741,930,000)	(21.8)
Less:				
Federal Funds	7,869,968,100	2,024,478,500	(5,845,489,600)	(74.3)
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	13,850,072,600	14,953,632,200	1,103,559,600	8.0
Less:				
Other State Restricted Funds	13,795,608,000	14,868,232,200	1,072,624,200	7.8
GENERAL FUND/GENERAL PURPOSE	54,464,600	85,400,000	30,935,400	56.8
PAYMENTS TO LOCALS	13,680,775,500	14,743,857,700	1,063,082,200	7.8

*As of August 1, 2021.

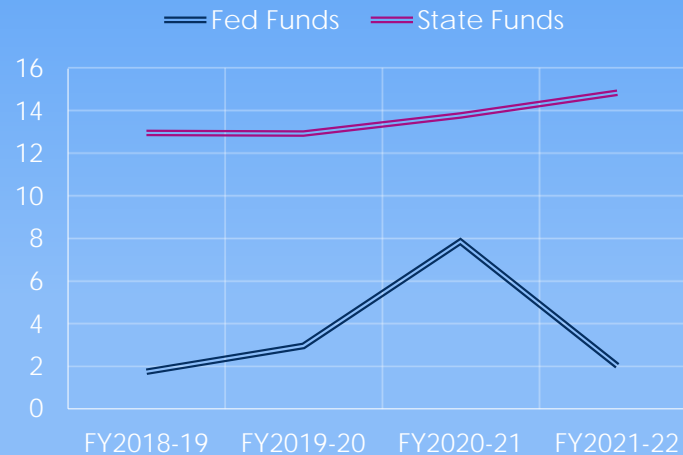


Updated:
08/25/2021

**SCHOOL AID
FUNDING HISTORY**



Fiscal Year	Full-Time Equated Positions (FTEs)	Interdepartmental Grants Received (IDGs)	Federal Funds	Local and Private Funds	State Restricted	General Fund	Gross Appropriations
FY 2018-19	N/A	0	1,745,943,500	0	12,977,340,300	87,920,000	14,811,203,800
FY 2019-20	N/A	0	2,958,903,000	0	12,946,988,700	104,660,000	16,010,551,700
FY 2020-21	N/A	0	7,869,968,100	0	13,795,608,000	54,464,600	21,720,040,700
FY 2021-22	N/A	0	2,024,478,500	0	14,868,232,200	85,400,000	16,978,110,700





2021-22 MEMBERSHIP CALCULATION

Eliminated special membership provisions and definitions related to pandemic learning. The calculation of pupils in membership for **FY 2021-22 would be 90% applied to the count of students in October 2021 plus 10% of the count of students in February 2021**. (All pandemic-related 'Return to Learn' provisions were removed from the bill.) (Sec. 6, 21f, 101)

CLARIFICATION: Supplemental Spring count **includes pandemic learners**



2021-22 PUPIL ACCOUNTING MANUAL

Any changes to the pupil accounting manual that are applicable for the school year that begins after **March 31** of a fiscal year must be published by not later than March 31 of that fiscal year.

If **legislature makes change after March 31** that impacts current year pupil accounting that causes a district to be in violation, allow the district **30 days to correct the violation** before the department is allowed to impose financial penalties under this act related to the violation.



ELIMINATED 2020-21 SECTIONS

Elimination of One-Time Per-Pupil Payment. The Governor, House, and Senate removed funding of roughly \$66 per pupil in one-time funding.

Elimination of Growing Districts Payment. The Governor, House, and Senate removed funding for districts whose normal pupil membership blend exceeded the 'superblend' that is in place for FY 2020-21.

Elimination of Categoricals. The Senate concurred with the House to eliminate virtual learning supports (\$2.0 million), school meal lunch debt (\$1.0 million), a placeholder for the Connecting Information in Education Commission (\$100), teacher retention incentives (\$5.0 million), the kindergarten entry observation tool (\$1.5 million), and the virtual learning study (\$150,000).



11n(1) Coronavirus Response and Relief Supplemental Appropriations Act, 2021

Allocated for 2020-2021 an amount not to exceed **\$115,658,900.00** from the federal funding awarded to this state from the governor's emergency education relief **(GEER)** fund under the **coronavirus response and relief supplemental appropriations act, 2021**.

Allocated for 2020-2021 an amount not to exceed **\$1,656,308,300.00** from the federal funding awarded to this state from the elementary and secondary school emergency relief **(ESSER II)** fund under the **coronavirus response and relief supplemental appropriations act, 2021**.



11n(2) American Rescue Plan Act of 2021

Allocated for 2020-2021 an amount not to exceed **\$3,712,213,800.00** from the federal funding awarded to this state from the elementary and secondary school emergency relief **(ESSER III)** fund under the **American rescue plan act of 2021**.

Allocated for 2020-2021 an amount not to exceed **\$93,023,000.00** from the federal funding awarded to this state under section 2002 of the **American rescue plan act of 2021** for emergency assistance **(EANS)** to **nonpublic schools**.

Allocated for **2021-2022** an amount not to exceed **\$357,000,000.00** from the federal funding awarded to this state from the coronavirus state fiscal recovery fund **(ARP)** under the **American rescue plan act of 2021**.



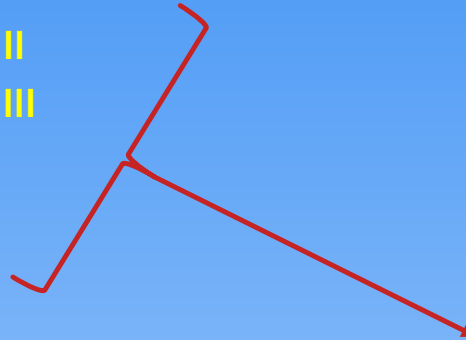
11n(3) American Rescue Plan Act of 2021

From the funds allocated under subsection 11n(2), **\$2,380,800.00** federal funding awarded to this state from the elementary and secondary school emergency relief **(ESSER III)** fund under the **American rescue plan act of 2021** is allocated for payments to districts as provided under this subsection. The **department shall distribute the funds allocated** under this subsection in the same manner as funds under section 11r(8) were distributed and for the purposes described under section 11r(9).



11n RECAP

115,658,900	GEER FUNDING
1,656,308,300	ESSER II
3,712,213,800	ESSER III
93,023,000	EANS
357,000,000	ARP



\$5,924,204,000

WARNING! WARNING! WARNING!
ONE-TIME FUNDING



11t American Rescue Plan Act of 2021

From the federal funds allocated under section 11n, there is allocated for **2020-2021** an amount not to exceed **\$361,983,300.00** from the federal funding awarded to this state from the elementary and secondary school emergency relief (**ESSER II**) fund under the **American rescue plan act of 2021**.

The department shall pay each eligible district under this subsection an amount equal to the **product of the district's 2020-2021 pupils in membership multiplied by the difference between \$1,093.00 and the district's ESSER III formula payment per pupil.**

THIS HAS NOT BEEN APPROVED BY THE US DEPARTMENT OF ED!



22a/b/c FOUNDATION ALLOWANCE

For 2021-2022, both of the following apply: (a) The target foundation allowance is **\$8,700.00**. (b) The minimum foundation allowance is **\$8,700.00**

Closed the gap by statutorily funding the minimum foundation allowance at **\$8,700 per pupil** and provided a **\$171 per pupil** payment to all districts at or above the target (\$683.0m).

Included a \$3.0 million **equity payment for out-of-formula districts** to ensure they receive the \$171 per-pupil increase.

The bill provided \$40.0 million for **taxpayer equity** related to the State share of the foundation allowance for hold harmless districts



22d ISOLATED DISTRICTS

An amount not to exceed **\$8,420,000.00** is allocated for 2021-2022 for supplemental payments to **rural districts** under this section. This is an **increase of \$1.42 million!**

NEW: From the allocation there is allocated an amount not to exceed **\$820,000.00** for payments under this subsection to districts that have **greater than 250 square miles** and that do not receive funding under other 22d subsections. The funds allocated under this subsection must be **allocated on an equal per-pupil basis.**



31a AT RISK

Increases \$2.5 million to **\$524.5 million**

Districts **exceeding the target foundation** will receive **35%** of standard per pupil amount



31n MENTAL HEALTH SUPPORT

Increases appropriation \$17 million to **\$53.9** million for 2021-2022

There is allocated for 2021-2022 an amount not to exceed **\$14,300,000.00** to be distributed to the network of **child and adolescent health centers** to place a licensed master's level behavioral health provider in schools that do not currently have services available to general education students.

\$32,200,000 for 2021-2022 to distribute \$575,000.00 to each intermediate district that submits a plan approved by the department and the department of health and human services.

The department shall distribute the remaining **\$5,600,000.00** of the funds allocated under this subsection for 2021-2022 to intermediate districts on an **equal per pupil basis** based on the combined total number of pupils in membership in the intermediate district and its constituent districts, including public school academies that are considered to be constituent district



31n MENTAL HEALTH SUPPORT

Allocated to the **department of health and human services** For 2021-2022, an amount not to exceed **\$1,000,000.00** for the purpose of upgrading technology and systems infrastructure and other administrative requirements to support the programs funded under this section and an amount not to exceed **\$300,000.00** for the purpose of administering the programs under this section and working on generating additional Medicaid funds as a result of programs funded under this section.

From the state school aid fund money allocated under subsection (1), there is allocated for 2021-2022 an amount not to exceed **\$500,000.00 to intermediate districts on an equal per intermediate district basis for the purpose of administering programs funded under this section.**



31o HEALTH SUPPORT STAFF

Allocated for 2021-2022 an amount not to exceed **\$240,000,000.00** for payments to eligible districts for the purpose of **increasing the number of school psychologists, school social workers, school counselors, and school nurses** serving students in this state.

District must **apply for the funding** in a form and manner prescribed by the department

District must **pledge and provide assurances** to the department that it will fully annually fund all staff that are supported with funding under this section **in an ongoing manner** after the **third year** it receives funding



31o HEALTH SUPPORT STAFF

Recommended **staff-to-student ratios**

- 1 school **psychologist** for every **500** full-time equated pupils counted in the district.
- 1 school **social worker** for every **250** full-time equated pupils counted in the district.
- 1 school **counselor** for every **250** full-time equated pupils counted in the district.
- 1 school **nurse** for every **750** full-time equated pupils counted in the district.

To be eligible for funding under this section, a district must hire additional school psychologists, school social workers, school counselors, or school nurses by **March 1, 2022 and must maintain support** for the new staff in an ongoing manner. A



31y YEAR-ROUND SCHOOL – 3%+

Balanced Calendars during the 2021-2022 school year - **\$60.0 million SAF** to provide a **3% foundation allowance increase** ($\$8,700 \times .03 = \261pp) for ongoing operational cost increases for districts operating a balanced calendar.

If the funds allocated under this section are insufficient to fully fund the calculations under this section, **funding must be prorated** on an equal per-pupil basis.



31z YEAR-ROUND SCHOOL -HVAC

Balanced Calendars - included **\$75.0 million** Federal for onetime HVAC (and other capital) improvements for districts that commit to operating a balanced year-round calendar for FY2022 2023 school year.

The department shall establish a **sliding scale** for grant payments under this section such that districts that received higher total **ESSER payments** under section 11r, evaluated on a per-pupil and total dollar basis, receive smaller matching grants than those with lower total ESSER payments, evaluated on a per-pupil and total dollar basis.



32d GREAT START READINESS PROGRAM

Great Start Readiness Program (GSRP). **Per-child full day funding was increased to \$8,700** (\$47.5 million) and Federal funds were used to expand the program by adding more slots.

The initial allocation to each eligible applicant under section 32d is the **lesser** of the following:

- (a) The sum of the number of children **served** in a school-day program in the preceding school year multiplied by \$8,700.00 and the number of children served in a GSRP/Head Start blended program or a part-day program in the preceding school year multiplied by \$4,350.00.
- (b) The sum of the number of children the applicant has the **capacity** to serve in the current school year in a school-day program multiplied by \$8,700.00 and the number of children served in a GSRP/Head Start blended program or a part-day program the applicant has the capacity to serve in the current school year multiplied by \$4,350.00



41 BILINGUAL EDUCATION

Allocated an amount not to exceed **\$25,200,000.00** for 2021-2022 for payments to eligible districts for services for English language learners who have been administered the WIDA ACCESS for English language learners.

\$935.00 per full-time equivalent English language learner who has an assessed composite score between 1.0 and 1.9, or less, as applicable to each assessment.

\$645.00 per full-time equivalent English language learner who has an assessed composite score between 2.0 and 2.9, or less, as applicable to each assessment.

\$105.00 per full-time equivalent English language learner who has an assessed composite score between 3.0 and 3.9, or less, as applicable to each assessment.



51f SPECIAL EDUCATION: ADDL' %

there is allocated for 2021-2022 an amount not to exceed \$90,207,000.00 for payments to districts and intermediate districts to **increase the level of reimbursement of costs associated with providing special education** services required under state and federal law.

For 2021-2022, the level percentage is estimated at **3.0%**. (2020-21 School Year costs)

Each district's or intermediate district's are costs reported to the center on the special education actual cost report, known as "**SE-4096**" as referred to under section 18(6), as approved by the department.



61c SKILLED TRADES EQUIPMENT

Allocated for 2021-2022 an amount not to exceed **\$7,500,000.00** to eligible career education planning districts for the CTE skilled trades initiative

To be eligible to receive funding under this section, **at least 50% of the area served by a CEPD must be located in an intermediate district that did not levy a vocational education millage in 2021.**

50% of the funding allocated to each eligible CEPD must be used to **update equipment** in current CTE programs that have been identified in the highest 5 career cluster rankings for training on new equipment, for professional development relating to computer science or coding, or for new and emerging certified CTE programs



61d CTE INCENTIVE PAYMENTS

Allocated for 2021-2022 an amount not to exceed **\$5,000,000.00** from the state school aid fund for additional payments to districts for career and technical education programs

A payment of **\$35.00** multiplied by the number of pupils in grades 9 to 12 who are counted in membership in the district and **are enrolled in at least 1 career and technical education program.**

An additional payment of **\$35.00** multiplied by the number of pupils in grades 9 to 12 who are counted in membership in the district and are enrolled in at least 1 career and technical education program that provides instruction **in critical skills and high-demand career fields.**



81 ISD OPERATIONS

The amount allocated under this section for 2021-2022 to each intermediate district is an amount equal to **104%** of the amount allocated to the intermediate district under this section for 2020-2021



97 SCHOOL SAFETY GRANTS

Allocated an amount not to exceed **\$7,500,000.00** and from the general fund money appropriated under section 11, there is allocated an amount not to exceed **\$2,500,000.00** for competitive grants to public schools, nonpublic schools, districts, and intermediate districts to **purchase technology equipment, upgrade hardening measures, or conduct school building safety assessments to improve the safety and security of school buildings, pupils or students, and school staff** with the goal of creating a safer school environment through equipment and technology

Grants under this subsection must not exceed **\$50,000.00 for each public school** or nonpublic school and **\$250,000.00 for each district** or intermediate district



99aa PROJECT SEARCH

Allocated an amount not to exceed **\$1,500,000.00** for 2021-2022 to eligible intermediate district to provide opportunities for high school students with disabilities to train for, gain, and maintain **competitive employment**.



99bb YMCA Youth in Government

Allocated an amount not to exceed **\$3,750,000.00** for 2021-2022 to the State Alliance of Michigan **YMCAs** for competitive grants to eligible districts, intermediate districts, and nonpublic schools to provide students in grades 6 to 12 with **hands-on civics and model-government programs** that offer statewide engagement with peers across this state for the purpose of expanding those students' opportunities to improve their social studies knowledge, thinking skills, and intellectual processes and dispositions required for active engagement in fulfilling responsibilities of civic participation.



104h Benchmark Assessments

Allocated for 2021- 2022 an amount not to exceed **\$11,500,000.00** to districts to begin **implementation of a benchmark assessment system** for the 2022-2023 school year. All of the following apply to the benchmark assessment system

The department shall pay an amount equal to **\$12.50 per membership pupil** in grades K to 8 in the district to each district that applies for funding under this section.



147 MPSERS

Allocated for 2021-2022 an amount not to exceed \$1,468,500,000.00 for payments to districts and intermediate districts that are participating entities of the Michigan public school employees' retirement system. In addition, from the general fund

Rates for 2021-22

https://www.msbo.org/wp-content/uploads/2021/10/mpsers_rates_21-22.pdf



147a(1) MPSERS COST OFFSET

147a(1) - 2021-2022 an amount not to exceed **\$100,000,000.00** for payments to participating districts solely for the purpose of **offsetting a portion of the retirement contributions owed** by the district for the fiscal year in which it is received. Allocations based on each participating **district's percentage of the total statewide payroll** for all participating districts for the immediately preceding fiscal year. (Oct 1 – Sep 30)

“participating district” means a district that is a reporting unit of the Michigan public school employees’ retirement system. **NO ISD’s**



147a(2) MPERS Normal Cost for Lower AROR/Dedicated Gains

147a(2) - \$177,400,000.00 for 2021-2022 for payments to participating district and intermediate districts. Amounts allocated to each participating entity under this subsection is based on each participating entity's **reported quarterly payroll for members that became tier 1 prior to February 1, 2018** for the current fiscal year. A participating entity that receives money under this subsection shall use that money **solely for the purpose of offsetting a portion of the normal cost contribution rate.**

"Participating entity" means a **district, intermediate district**, or district library that is a reporting unit of the Michigan public school employees' retirement system



147c MPERS RATE CAP

Allocated for 2021-2022 an amount not to exceed **\$1,468,500,000.00** for payments to districts and intermediate districts that are participating entities of the Michigan public school employees' retirement system

Payments made under this section are equal to the **difference between the unfunded actuarial accrued liability contribution rate** as calculated pursuant to section 41 of the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1341, as calculated without taking into account the maximum employer rate of 20.96% included in section 41 of the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1341, **and the maximum employer rate of 20.96%** included in section 41 of the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1341.



147c MPSERS RATE CAP

Amounts allocated to each participating entity under this section is based on each participating entity's **proportion of the total covered payroll** for the immediately preceding fiscal year for the same type of participating entities.

A participating entity that receives funds under this section shall use the funds solely for the purpose of retirement contributions and **shall forward an amount equal to the amount allocated under subdivision (c) to the retirement system** in a form, manner, and time frame determined by the retirement system.



147e MPERS Added Normal/DC costs for PA 92 of 2017

Allocated for 2021-2022 an amount not to exceed **\$65,300,000.00** for payments to participating entities.

An amount equal to the contributions made by a participating entity for the **additional contribution made to a qualified participant's Tier 2 account** in an amount equal to the contribution made by the qualified participant not to exceed 3% of the qualified participant's compensation as provided for under section 131(6) of the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1431.



147e MPERS Added Normal/DC costs for PA 92 of 2017

Beginning October 1, 2017, an amount equal to the contributions made by a participating entity for a qualified participant **who is only a Tier 2** qualified participant not to exceed 4%, and, beginning February 1, 2018, not to exceed 1%, of the qualified participant's compensation.

An amount equal to the increase in **employer normal cost contributions** for a member that was hired after February 1, 2018 **and chose to participate in Tier 1**, compared to the employer normal cost contribution for a member under section 41b(1) of the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1341b.



Mary Ann Cleary, Director

Jim Stansell, Senior Economist

August 2021 Revenue Update

School Aid Fund (SAF) Revenue

School Aid Fund revenue from Michigan's major taxes was estimated¹ to be \$1,345.0 million in August 2021, about \$116.3 million above the amount established at the May 2021 CREC, almost entirely due to higher than projected sales and use tax collections.

Year-to-date SAF revenue for FY 2020-21 is about \$529.9 million above the consensus revenue projections, largely because of higher than estimated sales and gross income tax collections.

¹ Because of accruals and undistributed revenue, monthly fund splits are estimated.



Certification Scholarships

A total of four, randomly selected Certification Track scholarships are available as part of the Investing in MSBO Members Scholarship Program. An MSBO member can only be awarded a scholarship for one certification track. Those members that have already started in a certification track are eligible for a scholarship. (This scholarship is not for certification renewal.)

- You don't have to do anything – just apply.
- The application **deadline for scholarship consideration is October 29, 2021.**
- Random Selection will be made after the deadline.
- Details can be found on the MSBO website under Professional Development – Scholarships.



Awards

MSBO recognizes the extraordinary contributions of MSBO members to their school district, their communities, and to MSBO through its awards program.

- School Business Official of the Year
- Meridian Award of Excellence
- Distinguished Service Award
- Consider nominating yourself or a colleague.
- Details and criteria for all the awards can be found on MSBO's website on the [Awards page](#).



Scholarships

The Mark and Kay Stebbins Scholarship is targeted to members who are improving their technical skills and competencies by furthering their education. The Wally Piper Scholarship recognizes members pursuing a graduate degree.

- Recipients of the scholarships are determined by the MSBO Board of Directors
- Details and criteria for the scholarships can be found on [MSBO's website](#).

The deadline for these MSBO awards and scholarships is January 31, 2021.



CONFERENCES & WORKSHOPS

NOV
30

Financial Statement Preparation Workshop

Kellogg Hotel and Conference Center

JAN
18

Financial Strategies Conference

Virtual



MICHIGAN SCHOOL BUSINESS OFFICIALS

Contact MSBO



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