

**MSBO - ISD Committee
Meeting Minutes
February 16, 2023 – 9:30 AM
MSBO Office & zoom, Lansing MI**

2022-23 ISD Committee Officers:

Shay Anderson, Chairperson, Clare-Gladwin RESD
Linda Bielecki, Vice Chairperson, Northwest Education Services
Jason Helsen, Secretary, Muskegon Area ISD
Christopher Lamer, Officer of Special Projects, Ottawa Area ISD
Kerri Harrie, Officer Elect, West Shore ESD
Kevin Kolb, Past-Chairperson, Gratiot-Isabella RESD

[Agenda](#)

1. Called to order at MSBO offices (and via zoom) by Chair Shay Anderson at 9:30 AM.
In-person attendance: Shay Anderson, Linda Bielecki, Scott Kemmer-Slater, Christopher Lamer, Jamie Carnes, Mark Ludlow, Becky Hills, Kevin Kolb, Jason Helsen, MSBO, Bob Dwan, MSBO, David Martell, MSBO. Many members and guests online via zoom.
2. [Approval of December 15, 2022 meeting minutes](#) - Linda Bielecki made the motion, Chris Lamer supported - approved unanimously.
3. [Presentation - Office of Career and Technical Education \(CTE\): Budgeting and Allowable Expenditures - Joan Church, Jill Kroll, and Candace Vinson, MDE](#)
 - a. Carl D Perkins, 61a.1, CTE local millage
 - b. 61i funds
 - i. \$10million
 - ii. Part of Future Proud Michigan Educator Initiative
 - iii. Eligibility: ISDs that employee or pledge to employ at least one CTE teacher
 - iv. Applicants must develop a plan for teacher retention and teacher continuing education
 - v. Must include research-based strategies and citations
 - vi. Plan can include local member districts.
 - vii. Funds must be expended accounting to approved plan by 9/30/2024
 - viii. Performance and expenditure reports due 9/15/2023
 - ix. Funds may be carried over into 2023-24
 - x. Not anticipated to be in next year's budget (2023-24)
 - xi. Primary Contact: Candace Vincson (VinsonC@michigan.gov). 517-281-7009
 - c. Carl D. Perkins
 - i. Federal funds
 - ii. Distributed by formula yo consortia (Perkins regions)

- iii. Regions apply annually in NexSys
 - iv. Support Region-wide CTE activities
- d. Foundation allowance
 - i. Districts are expected to support CTE instruction with Foundation Allowance
 - ii. Purpose: To reimburse districts for secondary level CTE programs 61a.1
 - iii. Four key components of a successful program
 - 1. Integration of academic and technical skills
 - 2. Laboratory hands-on learning
 - 3. Worked-based learning
 - 4. Student leadership opportunities
 - iv. Fund received cannot exceed 75% of added cost to any program
 - v. 90% must be expended in Program Improvement
 - 1. Allowable expenditures: Instruction, support services, and central services.
 - vi. Added Cost Guide link (QR Code on PPT, Slide 15)
 - vii. CTE Knowledge Based link (QR Code on PPT, Slide 16))
 - viii. Unallowable Use (See 4033 guidance for details)
 - ix. Common causes of negative adjustments
 - 1. Failure to expend 90% in program improvement
 - 2. Failure to expend enough local funds to CTE programs
 - 3. Failure to spend 61a.1 funds
 - 4. Anything in red font on 4033 Report identifies issues
 - 5. Green means the expenditure requirements have been met
- e. Section 61b
 - i. For CTE Early Middle College (EMC) and CTE Dual Enrollment
 - ii. May be generated by same programs as Section 61a.1
 - iii. May only be expended on eligible CTE EMC and CTE Dual Enrollment programs.
 - 1. Must be in the Top 5 Career Clusters (QR Code on PPT, Slide 24)
 - iv. Reported in CTEIS in November on the 4033 Report
- f. Section 61c
 - i. Equipment Grant Distributes products and services to Career Education Planning Districts (CEPD)
 - ii. \$7.5 million
 - iii. Eligibility
 - 1. At least 50% of area serviced by CEPD
 - 2. Requires an application
 - 3. Primary Contact: Lee Greenacre (GreenacreL@michigan.gov) 517-281-3030
- g. Section 61d
 - i. Purpose: Increase number of Michigan residents with high quality degrees or credentials and to increase the number of pupil who are college-and career-ready upon hs graduation

- ii. Distributed to Primary Education Providing Entity (PEPE)
 - 1. 50% to ISD if student attended CTE Program
 - h. CTE Millage Funds
 - i. Expend funds for operation of CTE programs
 - ii. See Section 380.684 of revised school code
 - i. CTEIS 4033 Reporting CTE Expenditure Data
 - i. Program cost factors for 61a.1 and 61b
 - ii. Monitor compliance with the 61a.1 legislation and Administrative Rule.
 - iii. 4033 Expenditures Guidance 2022 - Appendix - Best resource for knowing what is allowable, what falls in Program Improvement categories (QR Code on PPT, Slide 33)
 - iv. Primary Contact: Joan Church
 - j. Question: Can you tell us how 61a.1 funds are allocated and distributed?
 - i. Answer: This is best answered one-on-one. I would recommend contacting Joan Church. The funding formula for 61a.1 is quite complex including three factors: student advancement, cost factor, and rank factors. Joan does a great job walking districts through it.
 - k. Question: The 4033 Expenditure Report changed several years ago. Is there a trend in common errors on this report?
 - i. Answer: Not spending it on Program Improvement areas. Districts are getting better at it as MDE had less recaptures than past years. Occasionally districts are not able to spend all of the funds or enough local support to retain the funds the districts receive. Call Joan Church for any specific questions. Please refer to the Appendix to 4033 Expenditure Guidance link in CTEIS.
4. [Legislative Update](#) – David Randels, Oakland Schools
- a. MSU incident has pushed back timelines for legislative actions including the following education-related legislation:
 - i. Committee hearings on bills to remove 3rd grade reading law
 - ii. Committee hearings on sinking fund
 - 1. Added bus purchases as allowable costs
 - iii. Educator and administrator evaluations
 - iv. School Safety legislation
 - 1. Reintroduced bills this week
 - v. A-F accountability legislation being drafted
 - vi. Bringing back retired teachers - 9 month problem
 - vii. Teacher staffing shortages
 - b. Executive Budget Recommendation
 - i. Will send district by district report to Lillie for dissemination to MSBO members. Not sure who's the author. Subject to change.
 - ii. Additional report includes ISD line items. Report is posted on MSBO website.

- iii. Section 11: \$17.6 billion total school aid appropriated - \$900 million increase
- iv. Consolidation feasibility role given to ISDs.
 - 1. \$5 million appropriation
 - 2. Grants are \$250k per ISD.
- v. \$300 million in Section 12a - Grants for indoor air quality, energy enhancements, water. At least 50% match from participating school districts.
- vi. \$300 million Michigan Kids Back on Track (Sec 23g). Per pupil 100% matching funds to local districts only (not ISDs). Broad list for allowable costs.
- vii. \$25 million - School Aid Talent Together - Per pupil payments to consortium of ISDs.
- viii. Section 31p - TRAILS. Funding to ISDs must flow to TRAILS directly.
- ix. \$50 million - Section 32d - Priority to expand GSRP by the end of the Governor's current term
 - 1. Includes expansion of days and hours and capital assets
- x. Section 51e - Special Education foundation 87.5% in addition to Durant requirement.
- c. FY23 Supplemental Spending Budget
 - i. On fast track to pass (Governor has asked for before spring break)
- d. Question: Any concerns with adding additional state aid funding that can be used similar to ESSER funding when districts are challenged with spending current ESSER funding?
 - i. Answer: Someone asks for these dollars (e.g. \$300 million for HVAC/air quality funding). Some of this is due to the increase in expected revenues and spending it with one-time funding. We are in a strange conundrum. A lot of that is because of the way the state has determined what is ongoing and what is one-time funding. It is an evolving conversation and we will see that play out first in the spring break supplemental.

5. [MSBO Update](#) – Bob Dwan, MSBO

- a. Jason Helsen started on staff about a week ago.
- b. Jason -
 - i. MSO-related events coming up over the next couple of months: Property tax workshop (2/28); April annual conference early bird registration; and business manager/CPA workshop (6/8).
 - ii. Section 147a.2 - Pay close attention to it. MPSERS updates.
 - iii. Adding more state budget information to MSBO website.
 - iv. Close contact with legislature and lobbyists.
 - v. Regional group visits are underway.
 - vi. Credit for Financial Strategies forms are due tomorrow (2/17).
 - vii. Had first Google session online. Take a look if you are a Google district. Cost is only \$50. Districts can access recorded training.

- c. Bob
 - i. If you want SCECH credit, please type your whole name.
 - ii. Other items on the executive budget recommendation/supplemental budget
 - 1. \$900 million set aside that carries forward year-to-year. New this year. Rainy day fund for school aid only. Can be used to cover future shortfalls. The State Budget Officer can access the funds.
 - 2. A lot of funding was taken off the table
 - a. MPSERS
 - b. Infrastructure funding through supplemental
 - c. Foundation increase
 - iii. Annual conference - MSBO has scholarships. Each district can use one. Only covers the conference registration fee (not pre-conference).

6. Roundtable

- a. Chris Frank - Special Education Study. Section 56 millage equalization formula (PPT presentation on ISD Committee MSBO webpage).
 - i. Increase and modify Section 56 Equalization Formula (Calley Report, 2017) We request an additional \$100 million in funding.
 - ii. History. Created with Proposal A to help equalize those ISDs were low Taxable Values cause the ISD to receive less revenue from their special education millage than the rest of the state. Capped so it cannot exceed 62.9% of the total amount allocated (Wayne RESA capped).
 - iii. Went from 30 plus districts to 16 currently fully funded. Another 16 partially funded.
 - iv. Challenges of current funding.
 - 1. Floor is adjusted to whatever amount is needed to payout the amount of funding available.
 - 2. Currently allocated based on Taxable Value / Total Students.
 - 3. Once an ISD qualifies for this categorical per amount, payment is based on # of mills they level, disproportionately distributed funds on current mills levied vs. how much the millage is below statewide average.
 - v. Discussion topics of committee (see PPT presentation for details)
 - 1. How should eligibility be determined?
 - 2. What should equalization funding be funded up to?
 - 3. What about Section 56(7)?
 - vi. Committee Recommendations
 - 1. Funding should be determined by a 50/50 blend of table value/SE head count and taxable value/unreimbursed SE costs.
 - 2. Equalization floor should be set at the statewide average for each calculation
 - 3. Eliminate Wayne RESA cap
 - 4. Use 3-year average

- vii. Section 56(2) and 56(7) funding under different scenarios
 - 1. Currently \$73M
 - 2. Fully funded \$155M
 - 3. Partial Funding \$120M
- viii. Questions/Comments
 - 1. Question - Are you willing to share the district by district impacts?
 - a. Answer - Yes, I can share that out to the group. Wanted to wait until I presented it. It shows both under fully funding and if the legislature took this formula and put the money into 56(2).
 - 2. Question - Is there any language drawn up on these recommendations?
 - a. Answer - No, there has not been any language drawn up. This has not been presented to or approved by MAISA.
 - 3. Question - What year is this data drawn from?
 - a. Answer - We are working off of 2021 data.
 - 4. Question - Does this create a dissentive for passing a special education millage if its fully funded?
 - a. Answer - No, it really does not. The concept would only charge off up to the state-wide average. Under the student count method you are only equalized up to the amount you levy. The more you levy, the more you would get in equalization up to the state-wide average.
 - b. Shay Anderson, Chairperson - Update: In March, Josh Hayes, Assistant Superintendent of Technology for West Shore ESD and Wexford-Missaukee will present on their cyber security efforts. SET SEG will also present on the true cost of cyber crimes.
 - c. Brian Marcel, Washtenaw ISD - Planning to run for reelection on the MSBO board. I would appreciate your support. Five running (two incumbents) for three seats.

7. Adjournment - adjourned at 11:31 AM by Shay.
Next meeting: Thursday, March 16, 2023
MSBO, Lansing and Zoom