



Livonia Public Schools

Finance Office

Date: March 11, 2021

To: Andrea Oquist, Superintendent

From: Alison Smith, Director of Finance

Re: **Budget Update**

I would like to update the Board of Education on the 2020-21 budget projections, as well as share the information we are hearing so far from the State on the 2021-22 School Aid budget. Please include this item on the agenda on the March 15, 2021 Finance Committee meeting.

Under the Elementary and Secondary School Emergency Relief Fund (ESSER Fund), the Michigan Department of Education (MDE) is providing local educational agencies (LEAs) with emergency relief funds to address the impact COVID-19 has had, and continues to have, on elementary and secondary schools in Michigan.

To date our district has been awarded \$1,011,387 through the ESSER Formula Grant and \$161,821 through the ESSER Education Equity Grant. In the General Fund Proposed and First Amended Budget, ESSER revenue and expenditures were accounted for in the General Fund.

A second round of ESSER Funds have been awarded by the federal government to states. At least 90% of the second round of ESSER funds must be allocated to LEAs. The specific dollar amount coming to Livonia Public Schools is yet to be officially communicated to the district, but we are hearing estimates from the State. The Michigan Senate Fiscal Agency estimates our portion of the 90% is \$4,297,541. Of the remaining 10%, half a percent may be reserved by the state for administration and 9.5% (considered the state's discretionary portion) will be available for either additional formula grants or for emergency needs, as determined by MDE.

In light of the one-time nature of these funds, for greater transparency and ease in accounting for these funds, I am recommending to the Board of Education that we account for the ESSER funds as well as the Coronavirus Relief Funds we received in July and August from the State in the Funded Projects Fund. This will be a shift in revenue and expenditures from the General Fund to the Funded Projects Fund.

I would also like to propose during our final amendment in June that we move the Section 31a At-Risk grant revenue and expenditures from the General Fund to

the Funded Projects Fund. Section 31a of the State School Aid Act provides categorical funding to eligible Local Educational Agencies (LEAs) for the intent and purposes focused on the following student outcomes: attending school regularly, reading proficiently by the end of 3rd grade, being proficient in mathematics by the end of 8th grade, and being career and college ready by high school graduation. The reason I am proposing recording these funds in the Funded Projects Fund is, again, for great ease in accounting for these restricted grant funds. We have an accountant that oversees all the grants for the district and it would be helpful if all our grants were recorded in the Funded Projects Fund.

I will go over these recommendations, as well as other changes in the budget projections, on Monday evening. At that time, I will also share the latest information we have from the State on the outlook of the 2021-22 School Aid budget.

Thank you.

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c: Board of Education