



STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING




JENNIFER M. GRANHOLM
GOVERNOR

MICHAEL P. FLANAGAN
SUPERINTENDENT OF
PUBLIC INSTRUCTION

February 4, 2010

To: Local and Intermediate District Superintendents and Public School Academy Directors

From: Mike Flanagan, Superintendent of Public Instruction 

Subject: Michigan Department of Education (MDE) Guidelines for Budget and Salary/ Compensation Transparency Reporting Pursuant to MCL 388.1618(2)

In the spirit of promoting reporting transparency as it relates to expenditures made by Michigan's public schools, the Michigan Department of Education (MDE) Guidelines for posting financial data to district websites as required by the State School Aid Act (MCL 388.1618(2)) are attached. These guidelines were developed with input from the House and Senate Fiscal Agencies, the State Budget Office, and representatives from the Michigan School Business Officials.

In order to assure compliance with the statutory requirements, all data elements defined in the Guidelines must be available on the district's Main Home Page in the form and manner described in the Guidelines. The data must be posted within 30 days after the local, intermediate or PSA board has adopted its annual operating budget for the 2010-11 school fiscal year.

If you have questions regarding the statute or Guidelines, please contact Glenda Rader at raderg@michigan.gov or 517-335-0524. Early implementation of these Guidelines is encouraged.

Attachment

cc: Education Alliance
Local and Intermediate District Board Presidents
PSA Authorizers
William Mayes, MASA
David Martell MSBO
Dan Quisenberry, MAPSA
Billie Wimmer, MCCA
Kathy Hayes, MASB

STATE BOARD OF EDUCATION

KATHLEEN N. STRAUS – PRESIDENT • JOHN C. AUSTIN – VICE PRESIDENT
CAROLYN L. CURTIN – SECRETARY • MARIANNE YARED MCGUIRE – TREASURER
NANCY DANHOF – NASBE DELEGATE • ELIZABETH W. BAUER
REGINALD M. TURNER • CASANDRA E. ULBRICH

608 WEST ALLEGAN STREET • P.O. BOX 30008 • LANSING, MICHIGAN 48909
www.michigan.gov/mde • (517) 373-3324

**MICHIGAN DEPARTMENT OF EDUCATION (MDE)
GUIDELINES FOR BUDGET AND SALARY/COMPENSATION
TRANSPARENCY REPORTING**

STATUTORY REQUIREMENT:

MCL 388.1618 (2)

(2) Within 30 days after a board or intermediate board adopts its annual operating budget for the following school fiscal year, or after a board or intermediate board adopts a subsequent revision to that budget, the district or intermediate district shall make all of the following available through a link on its website home page, or a district may make the information available through a link on its intermediate district's website home page, in a form and manner prescribed by the department:

(a) The annual operating budget and subsequent budget revisions.
(b) Using data that have already been collected and submitted to the department, a summary of district or intermediate district expenditures for the most recent fiscal year for which they are available, expressed in the following two (2) pie charts:

(i) A chart of personnel expenditures, broken into the following subcategories:

- (A) Salaries and wages.
- (B) Employee benefit costs, including, but not limited to, medical, dental, vision, life, disability, and long-term care benefits.
- (C) Retirement benefit costs.
- (D) All other personnel costs.

(ii) A chart of all district expenditures, broken into the following subcategories:

- (A) Instruction.
- (B) Support services.
- (C) Business and administration.
- (D) Operations and maintenance.

(c) Links to all of the following:

(i) The current collective bargaining agreement for each bargaining unit.

(ii) Each health care benefits plan, including, but not limited to, medical, dental, vision, disability, long-term care, or any other type of benefits that would constitute health care services, offered to any bargaining unit or employee in the district.

(iii) The audit report of the audit conducted under subsection (3) for the most recent fiscal year for which it is available.

(d) The total salary and a description and cost of each fringe benefit included in the compensation package for the superintendent of the district or intermediate district and for each employee of the district or intermediate district whose salary exceeds \$100,000.00.

(e) The annual amount spent on dues paid to associations.

(f) The annual amount spent on lobbying or lobbying services. As used in this subdivision, "lobbying" means that term as defined in section 5 of 1978 PA 472, MCL 4.415.

GUIDELINES:

The intent of these Budget and Salary/Compensation Transparency Guidelines is to:

- 1) Provide the required form and manner for the data to be reported,
- 2) Clarify the titles, headings, and relevant data to be included, and
- 3) Clarify the format and timeline for reporting the data.

The legislation requires that districts publish the following data through a link on the district's **Main Home Page**. If a district does not have a website, it must either develop one or work with its intermediate school district (ISD) to report it on the ISD web page. The link should be titled "**Budget and Salary/Compensation Transparency Reporting**." For statewide consistency and public visibility, districts must use the icon badge developed and provided by the Michigan Department of Education. This icon badge must appear at the top of the district's main home page; must not be re-sized from its original form; and must link directly to the district's "Budget and Salary/Compensation Transparency Reporting" web page.

On the "**Budget and Salary/Compensation Transparency Reporting**" page, include headings titled as follows and provide the required information:

- a) "**Fiscal Year 20xx-20xx Board Approved Budget**" The current year board approved budget should be posted under this heading for the district's fiscal year 2010-11 and for each subsequent year. The minimum level of detail for a district budget is defined in Section IV of the *Michigan Public School Accounting Manual*, subsection B.01. The budgets are to be posted within 30 days of the date the budget is initially adopted by the local school board. The web page must be updated within 30 days of any subsequent board adopted revision to the budget. The district should, at a minimum, maintain the current year budgets on the website. At the end of any given fiscal year, there will most likely be two fiscal year budgets on the website; the budgets for the current year and the budgets that begin in the subsequent year.
- b) "**Personnel Expenditures**" Include data that have already been collected and submitted to MDE via the Financial Information Database (FID). This subcategory will include a link to a Center for Educational Performance and Information (CEPI) web page containing the required data elements in pie chart format. The URL for this information will be provided in the spring of 2010. It will contain the following previous year FID data broken into the following subcategories as defined in the *Michigan Public School Accounting Manual*:
 1. Salaries (Object Code 1xxx)
 2. Employee Insurance Benefits (Object Codes 21xx)
 3. FICA/Retirement/Unemployment/Workers Compensation (Object Codes 28xx)
 - 4) Other Employee Benefits (Object Codes 22xx, 23xx, 24xx, 29xx)
- c) "**Current Operating Expenditures**" Include data that have already been collected and submitted to MDE via the Financial Information Database (FID). This subcategory will include a link to a CEPI web page containing the required data elements in pie chart format. The URL for this information will be provided in the spring of 2010. This link will contain previous year FID data broken into

the following subcategories as defined in the *Michigan Public School Accounting Manual*:

1. Classroom Instruction (Function 1xx)
2. Pupil and Instructional Staff Support (Functions 21x and 22x)
3. Business and Administration (Functions 23x, 24x, 25x, and 28x)
4. Operations, Maintenance and Facilities (Function 26x and 45x)
5. Transportation (Function 27x)
6. Other Support (29x)

d) **“Current Bargaining Agreements”** Provide a copy of the current bargaining agreement for each of the district’s bargaining units (e.g. a pdf file).

e) **“Employer Sponsored Health Care Plans”** Provide a copy of the plan detailing the current terms of all employee medical, dental, vision, disability, long-term care, or any other type of employee benefits that would constitute health care services offered to the district bargaining units or individual employees of the district (e.g. a pdf file or a link to the insurance provider’s website containing the plan summary document).

f) **“Audited Financial Statements”** Provide a copy of the audited financial statement reports for the most recent fiscal year for which they are available. Alternatively, the district may choose to provide the information via a link to the MDE Office of Audits website containing the audits of all Michigan public school districts.

g) **“Employee Compensation Information”** Provide a report of the total salary and a description and cost of each and every fringe benefit included in the compensation package for the superintendent of the district or intermediate district and for each employee of the district or intermediate district whose salary exceeds \$100,000 (e.g. a pdf file). For purposes of this reporting, salary will be defined similar to that reported as Medicare wages on the employee’s prior year W2. This data must be all inclusive and should be data from the most recently completed year for which they are available (NOTE: the total compensation package must be fully disclosed).

h) **“District Paid Association Dues”** Provide a report that includes the annual amount paid by the district for association dues on behalf of the district or its staff (e.g. a pdf file). This should be data from the most recently completed fiscal year for which they are available. The report should include a listing of dues paid to each individual association at both the federal and state levels.

i) **“District Paid Lobbying Costs”** Provide a report that includes the annual amount the district paid for lobbying or lobbying services (e.g. a pdf file). This should be data from the most recently completed fiscal year for which they are available. Per MCL 4.415 “Lobbying” means communicating directly with an official in the executive branch of state government or an official in the legislative branch of state government for the purpose of influencing legislative or administrative action. Lobbying does not include the providing of technical information by a person other than a person as defined in subsection (5) or an employee of a person as defined in subsection (5) when appearing before an officially convened legislative committee or executive department hearing panel.

As used in this subsection, “technical information” means empirically verifiable data provided by a person recognized as an expert in the subject area to which the information provided is related. Subsection (5) “Lobbyist Agent” means a person who receives compensation or reimbursement of actual expenses, or both, in a combined amount in excess of \$250.00 in any 12-month period for lobbying.

Format

The font size and style for this reporting must be consistent with other documents on your website.

Timelines

To be in compliance with this law, all data elements defined in the statute must be available on the district’s Main Home Page in the form and manner defined in these guidelines within 30 days after the board or intermediate board has adopted its 2010-11 annual school operating budget, or not later than July 30, 2010.