



STATE OF MICHIGAN  
DEPARTMENT OF EDUCATION  
LANSING



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July 15, 2010

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

**From:** Carol L. Wolenberg, Deputy Superintendent *Carol*

**Subject:** Michigan Department of Education (MDE) Revised Guidelines for Budget and Salary/ Compensation Transparency Reporting Pursuant to MCL 388.1618(2) and 388.1618(3)

In the spirit of promoting reporting transparency as it relates to expenditures made by Michigan's public schools, the REVISED Michigan Department of Education (MDE) Guidelines for posting financial data to district websites as required by the State School Aid Act (MCL 388.1618 subsections 2 and 3) 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. The revision clarifies the intermediate school district budget transparency reporting as indicated in the recently amended State School Aid Act signed by the Governor on July 8, 2010. Intermediate districts must also comply with the Revised School Code (MCL 380.620-621) which contains additional website reporting requirements. All of this information should be reported under the budget transparency icon. A link can be found in the attached on-line guidelines.

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, please contact Glenda Rader at (517) 335-0524.

Attachment

cc: Education Alliance  
Local and Intermediate District Board Presidents  
PSA Authorizers

**MICHIGAN DEPARTMENT OF EDUCATION (MDE)**  
**GUIDELINES FOR BUDGET AND SALARY/COMPENSATION TRANSPARENCY**  
**REPORTS**  
**(Revised July 2010)**

STATUTORY REQUIREMENT:

MCL 388.1618 Subsections 2 and 3

(2) Within 30 days after a board adopts its annual operating budget for the following school fiscal year, or after a board adopts a subsequent revision to that budget, the district shall make all of the following available through a link on its website home page, or 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 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 and for each employee of the district whose salary exceeds \$100,000.00 (NOTE: THE TOTAL COMPENSATION PACKAGE MUST BE FULLY DISCLOSED).

(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.

(3) For the information required under subsection 2a, 2bi, and 2c; an intermediate district shall provide the same information in the same manner as required for a district under subsection (2)

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 timeline for reporting the data, and
- 3) Clarify the titles, headings, and relevant data to be included in the reports.

The legislation requires that districts publish the following data through a link on the district's **Main Home Page**. If a district doesn't have a website, it must either develop one or work with its intermediate school district 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 provided by the Michigan Department of Education. This standard icon may be found at the following url:

[http://www.michigan.gov/documents/mde/Archive\\_2\\_312624\\_7.zip](http://www.michigan.gov/documents/mde/Archive_2_312624_7.zip)

It must appear on the top half of each district's homepage. The size of the icon may be reduced to 150 x 150 pixels.

- a) On the "**Budget and Salary/Compensation Transparency Reporting**" page, include a heading titled "**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 following. The minimum level of detail (and standard account codes) for a district budget are defined in Section IV of the *Michigan Public School Accounting Manual*, subsection B.01. Budgets are to be posted to the website within 30 days of the date the original budget is 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. *Per the revised State Aid language, intermediate school districts must provide this data.*

bi) On the "**Budget and Salary/Compensation Transparency Reporting**" page, include a heading titled "**Personnel Expenditures**." It will include data that have already been collected and submitted to the Department via the Financial Information Database (FID). *Per the revised State Aid language, intermediate school districts must provide this data.* Guidance for obtaining the 2009 data files to meet this requirement was distributed to all FID users from the Center for Performance and Information (CEPI) in June 2010. The 2010 FID application will include a reporting option to create this pie chart for subsequent year data. The CEPI prepared pie charts contain 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)

bii) On the "**Budget and Salary/Compensation Transparency Reporting**" page include a heading titled "**Current Operating Expenditures.**" It includes data that have already been collected and submitted to MDE via the Financial Information Database (FID). Guidance for obtaining the files to meet this requirement was distributed to all FID users from the Center for Performance and Information (CEPI) in June 2010. The 2010 FID application will include a reporting option to create this pie chart for subsequent year data. The CEPI prepared pie charts 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)

Also on the "**Budget and Salary/Compensation Transparency Reporting**" page include headings for each of the following:

ci) "**Current Bargaining Agreements**"- Under this heading, provide a copy of the current bargaining agreement for each of the district's bargaining units (e.g. a pdf file). *Per the revised State Aid language, intermediate school districts must provide this data.*

cii) "**Employer Sponsored Health Care Plans**" - Under this heading, 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.) *Per the revised State Aid language, intermediate school districts must provide this data.*

ciii) "**Audited Financial Statements**" Under this heading, 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 Audit website containing the audits of all Michigan public school districts. *Per the revised State Aid language, intermediate school districts must provide this data.*

d) "**Employee Compensation Information**" - Under this heading, 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.

e) "**District Paid Association Dues**" - Under this heading, 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.

f) "**District Paid Lobbying Costs**" - Under this heading, 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.

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

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 a 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<sup>th</sup> 2010.