

Budget Projections 2020-2023

April 20, 2020



Executive Budget Recommendation 2020-2021

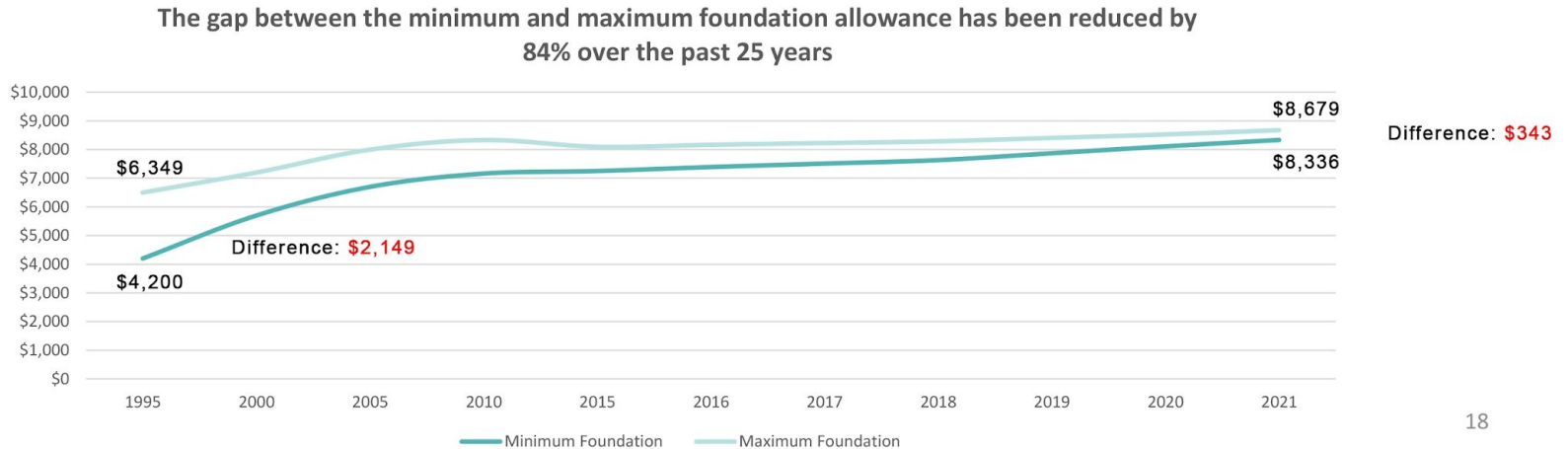


Governor Whitmer's Budget Priorities on Education and Skills:

- **\$415 million to continue building a weighted funding model** that includes a base per-pupil amount plus additional funding for students with more costly educational needs:
 - **\$290 million to increase base per-pupil funding** to \$8,336 for districts at the minimum (a \$225 per/pupil increase) and \$8,679 for districts at the maximum (a \$150 per/pupil increase). This reduces the gap between the highest and lowest funded districts to \$343 per pupil.
 - **\$60 million to increase state reimbursements for special education services by 100 percentage points over FY20.** (This means districts will receive a reimbursement of about 32% for special education costs ranging from academic supports to one-on-one specialists.)
 - **\$60 million to provide additional supports for academically at-risk, economically disadvantaged pupils, an 11.5% increase over FY20.** This funding allows districts to provide additional instructional supports like tutoring and non-instructional supports like counseling to improve academic outcomes for these students.
 - **\$5 million for additional payments for English Language Learners, a 38% increase over FY20.** This helps support higher-cost student intervention services.

- **Base Foundation Allowance**

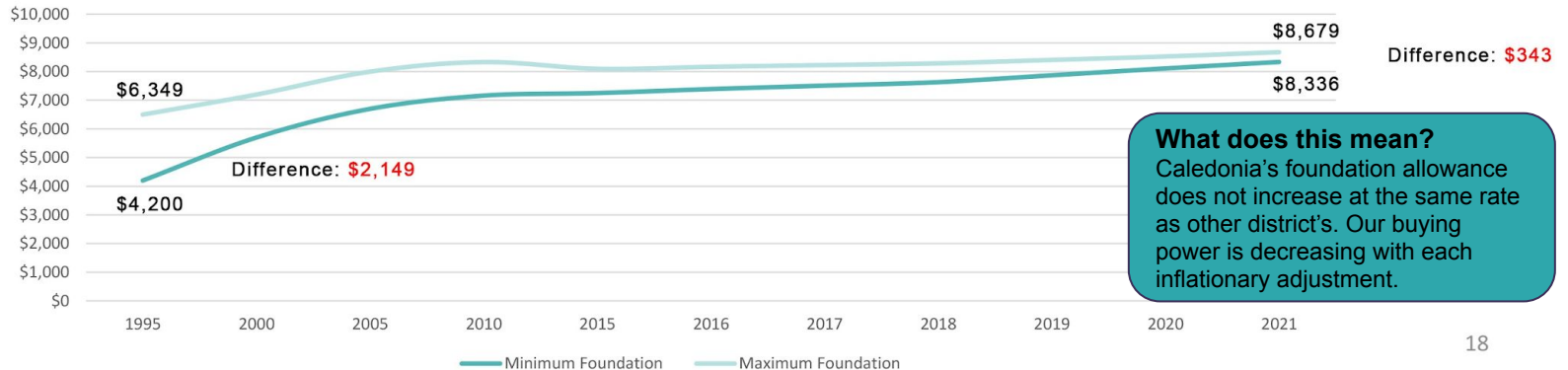
- \$8,336 for districts at the minimum (\$225 per pupil increase)
- \$8,679 for districts at the maximum (\$150 per pupil increase)
 - This reduces the gap between the highest and lowest funded districts to \$343 per pupil



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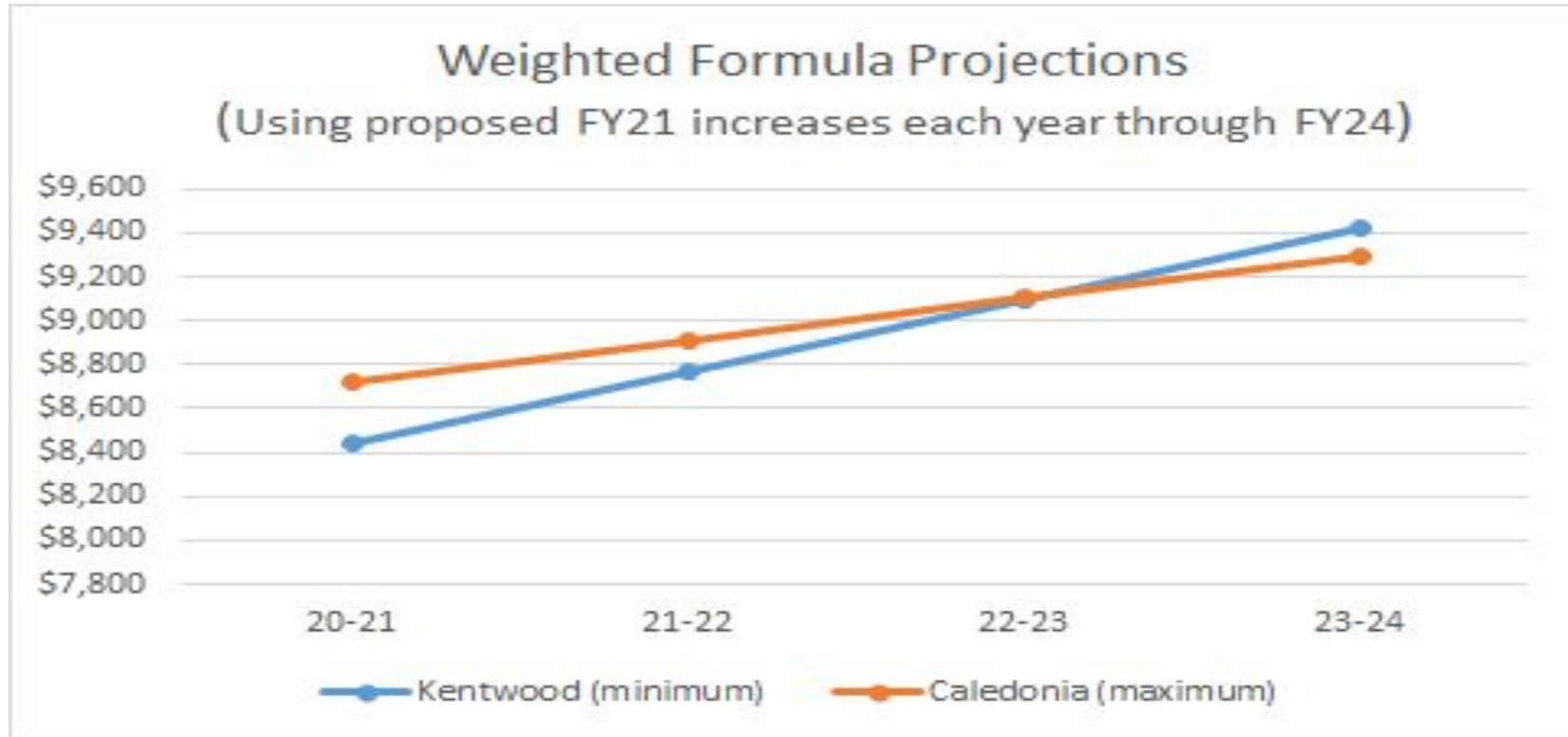
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The gap between the minimum and maximum foundation allowance has been reduced by 84% over the past 25 years



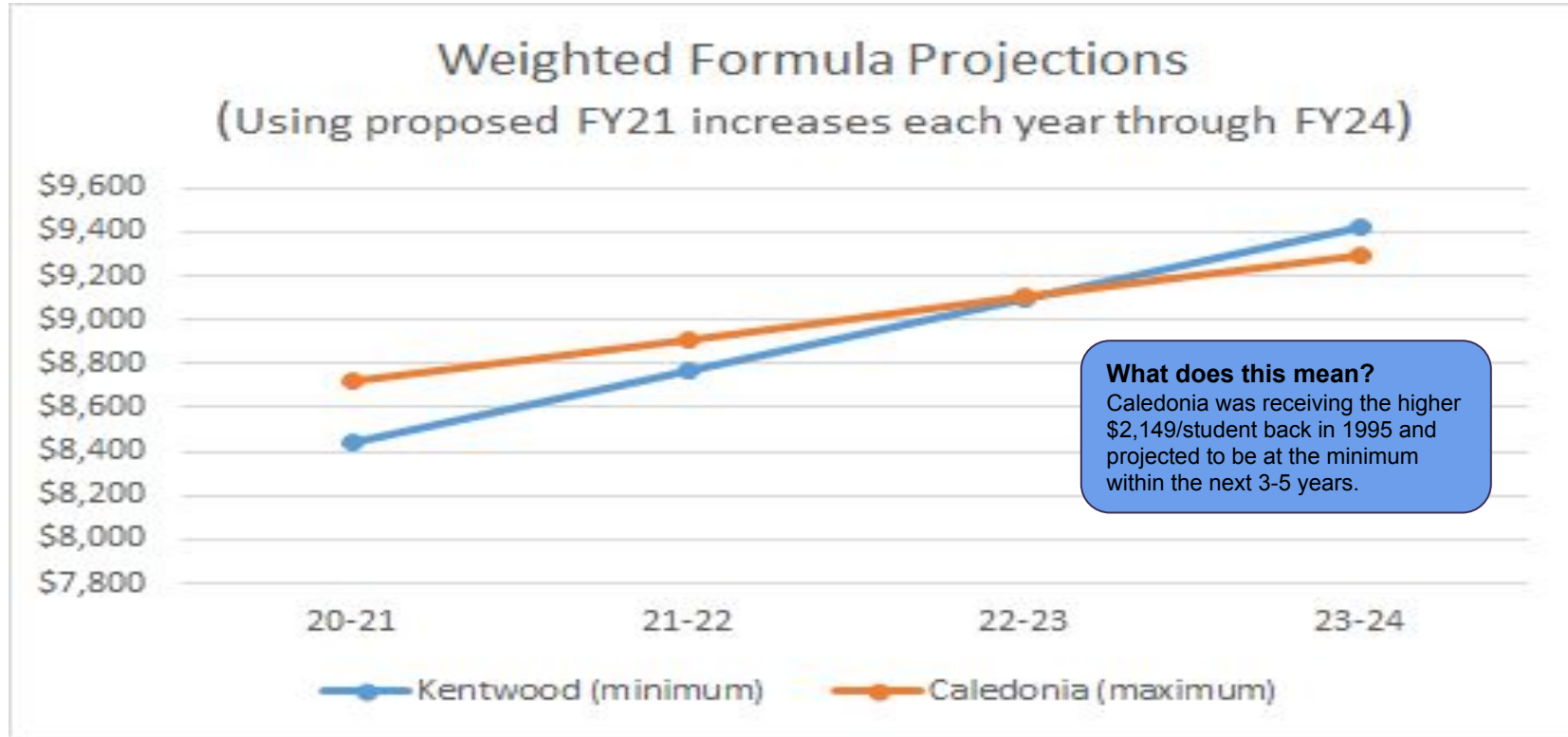
What does this mean?
Caledonia's foundation allowance does not increase at the same rate as other district's. Our buying power is decreasing with each inflationary adjustment.

As state funding closes the gap between minimum and maximum funded districts, additional funding increases are being distributed using a weighted formula as supported by research done through the **School Finance Research Collaborative**.



[School District Funding Increases Interactive Map link](#)

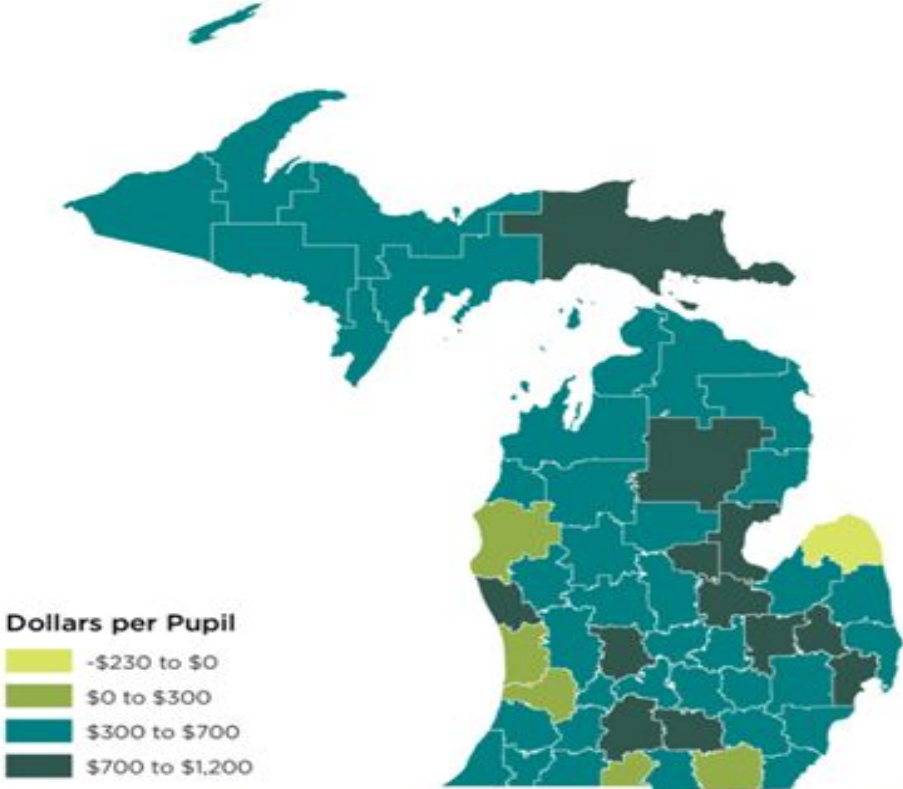
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The West Michigan Talent Triangle (WMTT) recently presented to the House Subcommittee on School Aid and shared the gap in funding specifically for special education.

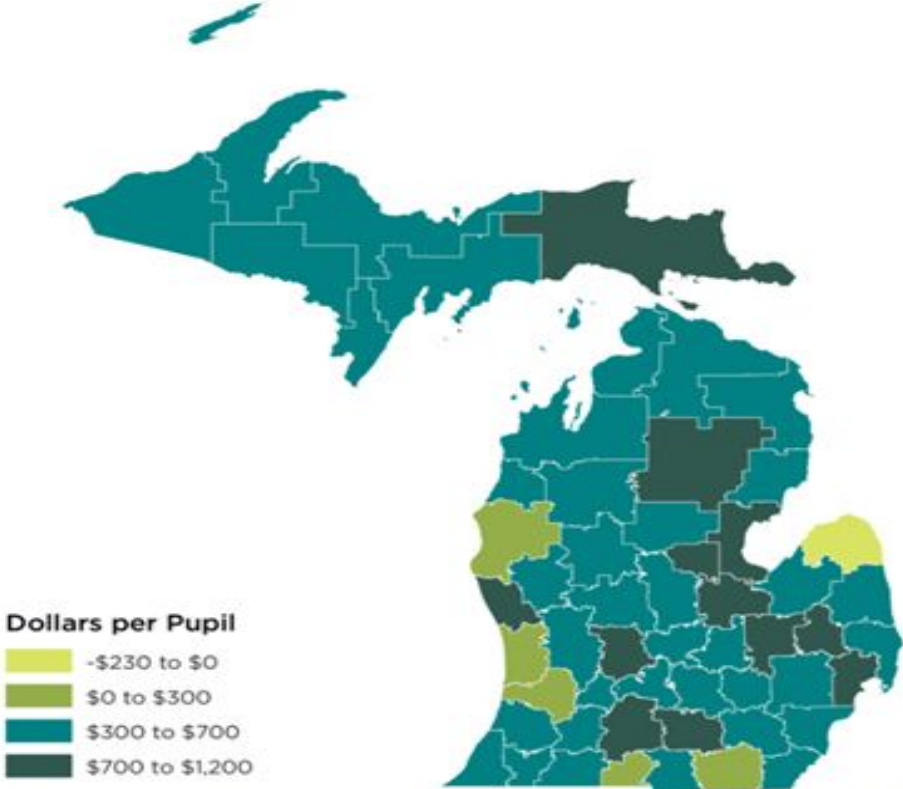
Statewide we have \$742 million in unreimbursed costs for special education.



Source: Michigan Department of Education, State Aid Status Report.

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What does this mean?
Caledonia has \$1.2 million in unreimbursed costs.

Source: Michigan Department of Education, State Aid Status Report.

Caledonia Community Schools Preliminary Budget - Pre COVID 19 2020-2021



Key Assumptions

Revenue:

- 15 student increase
- Foundation increase of \$150 per student (per governor's budget proposal)

Expenditure:

- Steps for all groups (includes transition cost for teachers/administrators moving to new salary schedule and incentive pay)
- Funds reserved for support groups negotiations
- 2% increase in employee insurance costs
- New position of a Communications Coordinator
- \$20 per/pupil increase for High School discretionary budget totalling \$30,000

Post COVID 19 Budget Projections



COVID 19 has impacted the global economy including Michigan.

- Unemployment numbers are at historic levels
- With the Stay Home, Stay Safe orders sales are down
- The State's May Revenue Consensus Estimating Conference will provide a better picture of the impact to both the state's general fund and school aid fund budgets

CCS Budget Scenario 2 - Assumes a zero increase from the State

CCS Budget Scenario 3 - Assumes a \$100 per pupil reduction from the State

CCS Budget Scenario 4 - Assumes a \$300 per pupil reduction from the State

Post COVID 19 Budget Projections



The latest forecast from University of MI economists project a reduction in revenues for FY20 \$2.6 billion, FY21 \$3.2 billion, and FY22 \$2.2 billion.

What does this mean for school districts and CCS?

- Potential per pupil reduction this year yet for 19/20
- Likely per pupil reduction ranging from \$200 to \$1,000 for 20/21
- Every \$100 per pupil reduction equates to a \$500,000 loss for CCS

\$100/pupil = \$500,000

\$300/pupil = \$1.5 million

\$500/pupil = \$2.5 million

\$700/pupil = \$3.5 million

\$1,000/pupil = \$5 million