



SCHOOL EQUITY CAUCUS

Making a difference for the public school children of Michigan

423 W. Ionia Street • Lansing, Michigan 48933
www.schoolequitycaucus.org
schoolequitycaucus@gmail.com
517.482.5110

CAUCUS INFORMATION ALERT January 16, 2015

Re: Estimating Conference Predicts Lower Than Expected Revenues

The January Revenue Estimating Conference met this morning and agreed that state revenues are significantly less than were predicted when the Conference last met in May 2014.

Current year General Fund/General Purpose (GF/GP) and School Aid Fund (SAF) revenues are now estimated to be a total of \$288.9 million less than was estimated at the May Conference and are expected to be \$526.5 million less than forecast for 2015-16.

For 2014-15, GF/GP is down \$324.6 million while the SAF is slightly up at \$35.8 million. For 2015-16, GF/GP is down \$532.1 million and the SAF up \$5.6 million.

The conferees concluded that the revenue declines were due in part to tax policy changes, less than expected individual income tax revenues, current year economics, and most significantly, tax credits now being claimed by businesses that were promised prior to 2011, when the approval of credits was essentially halted.

The state's student population continues its 12-year downward trend. The pupil count for 2014-15 is down 4,000 more than was estimated in May. There are currently 14,628 fewer students than last year. Next year there is expected to be 13,000 fewer students than this year. The continuing pupil decline is attributed to outward migration and low birthrates.

There are currently 548 traditional public school districts and 302 charters (up about 5 from last year) of various sizes and configurations. Even with declining statewide enrollment, the number of charter schools continues to grow and increase stranded costs for traditional schools.

The Governor has already promised to make appropriate cuts to balance the current year budget. I don't believe that will include a Foundation proration. However, as you think about your 2015-16 school year budget it would be wise for now to expect no increases and estimate a flat Foundation.

We will continue to meet with key legislators to promote the Caucus school funding and legislation agenda, which will still include a Foundation increase, an equity adjustment, continuation of Categoricals critical to Caucus member districts, and further MPSERS rate relief.

We will have more on the Revenue Estimating Conference and the likely consequences of its findings on the School Aid Budget in the next Caucus Newsletter.

Note: If you want to run your own School Aid Formula numbers, the FY 2016 School Aid Index is **1.0418** and **1.0415** for FY 2017.

Jerry