



## Executive Budget FY2011-12 Impact on Schools By the Numbers

### **\$709+ per pupil loss for every school district**

- \$170+ per pupil loss from one-time EdJobs money that has been eliminated
- \$300 per pupil additional cut
- \$230 per pupil in discretionary revenue lost due to MPSERS rate increase (24.46% from 20.66%, which represents \$300M)

### **Additional cuts for some school districts**

- Other local losses through categorical funding (declining enrollment, small class size, small and rural districts, etc.) totaling \$82.8 million statewide
- Many districts face cuts of more than \$1,000 per pupil
- Health care benefit costs will increase by an undetermined amount

### **\$20 million or more of cuts to intermediate school districts**

- \$3.3 million or 5 percent cut to Section 81
- \$15.3 million in Special Education FICA
- \$900,000 in hold-harmless funding
- Local impacts from tax policy changes
- Revenue loss from declining property tax values

### **\$1.1 billion no longer available for K-12 schools**

- \$700 million to universities
- \$196 million to community colleges
- \$200 million in net loss of tax revenue (due to insufficient replacement revenue for the MBT elimination)

Under the Executive Budget Recommendation, the School Aid budget takes the largest dollar amount cut of any state budget at roughly \$1 billion. This is almost **FIVE TIMES** the dollar loss taken in any other budget.

The percentage cut to the School Aid budget is the second largest at 7.3 percent and when the massive increase in the MPSERS rate is included, that number jumps to 10.3 percent, tying School Aid with the Department of Education for the largest percentage cut to any budget.

The Department of Corrections would see a budget increase in both years of the executive recommendation.

According to the Michigan School Business Officials, the number of deficit districts in Michigan would quadruple from more than 40 to more than 160 if the executive budget recommendation were passed without changes.

For the 2011-12 fiscal year, the tax changes will increase General Funds by \$326.5 million, while decreasing School Aid Fund revenues by \$597.1 million. For the 2012-13 fiscal year, General Fund revenue would increase by \$466.3 million, while the School Aid Fund would see a \$530.3 million decline.

If the legislature preserves the School Aid Fund for K-12, as has been practice since 1963, schools would see an increase of \$265 per pupil.

### **Talking Points**

- The executive budget proposal slashes \$470 per-pupil of state aid for Michigan public school children. Add to this cut the impact of retirement and schools will see per-pupil reductions of more than \$700 per pupil.
- This proposal shifts funding from K-12 schools in order to balance the state's General Fund budget and pay for massive cuts for businesses.
- This breaks a promise made to the voters who approved Proposal A in 1994. We allowed the state to take over school funding in exchange for the right to raise local funds to operate schools and they promised to fund it; now they're taking back that promise.
- The state mismanaged its General Fund, causing a multi-billion dollar shortfall and they now seek to raid the properly managed School Aid Fund to correct their error.
- Diversions of School Aid dollars of this magnitude will greatly increase the number of deficit districts and leave Michigan schools vulnerable to teacher layoffs, larger class sizes and fewer opportunities for students.
- Lawmakers lacked the courage to balance the General Fund, relying instead on gimmicks and one-time fixes. Now the Governor is raiding K-12 schools that have been cutting expenses for years.
- Shared sacrifice? Education is being cut by more than any other budget (\$1.1 billion) while business taxes are being reduced by 86 percent (\$1.2 billion for 2011-12 and \$1.7 billion for the following year).
- Cuts to schools will result in the increased need for short-term borrowing and will negatively impact school districts' bond ratings.