



SCHOOL EQUITY CAUCUS

Making a difference for the public school children of Michigan

121 W Allegan, Lansing, Michigan 48933
www.schoolequitycaucus.org
schoolequitycaucus@gmail.com
517.482.5110

CAUCUS INFORMATION ALERT

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Re: Estimating Conference Predicts Slightly Higher SAF Revenues

Representatives of the House and Senate Fiscal Agencies, Treasury, and outside economists met this morning to estimate revenues for the current and upcoming fiscal years. The conferees estimated that current year state revenues would increase only slightly. The consensus estimates will form the basis for the Governor's Executive Budget Recommendation for 2017-18 and 2018-19, expected next month.

For the fiscal year that closed September 30, 2016, the state is expected to be in the black by about \$613 million, however, much of that is considered "one-time" and will likely not be part of future expenditures.

School Aid Fund (SAF) revenues are now estimated to be \$54.6 million more than originally forecast for 2016-17 and \$22.3 million more than expected for 2017-18. Overall, however, 2017-18 estimated revenues are expected to see a decline due to an \$84.4 million downward adjustment for the General Fund.

The bottom line is that due to an expected revenue decline for 2017-18 it is not likely that we will see a significant increase in school funding next year, though, neither are we likely to see a reduction.

We will continue to meet with key legislators and the Governor's office to promote the Caucus school funding and legislation agenda, which will include at least an adequate Foundation increase using the 2X formula, continuation of Categoricals critical to Caucus member districts, including At-Risk, ELL, special education, and MPSERS rate relief.

It is very important for districts to maintain contact with your legislators, especially those newly elected, about the importance of protecting the SAF and the 2X equity formula in the coming budget negotiations.

Jerry