"Cutting the foundation grant is a last resort, but it's going to happen. At this read, he told MIRS the 10% level will not get the job done and the more likely target is "between 20% and 25%.

- Senator Wayne Schmidt, K-12 Appropriations Chair
Economic & Revenue Update
Economic Slowdown

Stay-at-home orders put in place to protect public health had a dramatic impact on our economy and jobs.

Source: U.S. Bureau of Economic Analysis.
Budget Projection - SY 2019-20

From January to May SAF revenues were revised downward by $1.25 billion for this school year.
Budget Projection - SY 2020-21

Expected reductions for this year carry into next budget year.

<table>
<thead>
<tr>
<th>January Estimate</th>
<th>May Estimate</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>$14,317,500,000</td>
<td>$13,180,000,000</td>
<td>-$1,137,500,000</td>
</tr>
</tbody>
</table>

Numbers on axis are in billions.
General & School Aid Fund
Downward Revenue Revision: Jan to May
Largest in History

$3 Billion
January 2009 to May 2009

2X
Larger than the Great Recession

$6.3 Billion
January 2020 to May 2020

2 year Drop in Taxes Expected

Graphic courtesy of Anthony Morey - East Grand Rapids Public Schools.
Bottom Line on Budget for SY 2019–20

- Shortfall (compared to January estimates) is $750 per pupil for this school year and carries into next year.
- Cuts will require reductions in fund balance, athletic, enrichment and instructional programs.
- No official proration process has started. Proration has significant political implications.
**HFA May Revenue Report** shows School Aid Fund revenues down $129.7 million from May CREC projections.
- Equates to roughly $90 per pupil.
- "The overriding message...revenues were well below the target amounts, at least some portion is due to extensions in the payment deadlines."
  - Sales, use, corporate income, income tax deadlines have all been delayed.
- Revenues continue to lag expectations which makes school funding even more challenging.
### Reopening while following public health guidelines will cost schools more money - $490 per student.

**ADHERING TO HEALTH MONITORING & CLEANING/ DISINFECTING PROTOCOLS**

- Hand sanitizers for students in classrooms: **$39,517**
- Disinfectant wipes for classrooms (four/day per classroom): **$16,833**
- No-touch thermometer (one per school): **$640**
- Oximeter (one per school): **$360**
- Electrostatic disinfectant sprayers: **$33,600**
- Deep cleaning of school after a confirmed case: **$26,000**

**HIRING STAFF TO IMPLEMENT HEALTH & SAFETY PROTOCOLS**

- Additional custodial staff for increased cleaning/disinfecting of schools and buses to prevent spread: **$448,000**
- Ensuring at least one FT/PT nurse in every public school: **$400,000**
- Ensuring one aide per bus to screen student temperatures before boarding: **$384,000**

**PROVIDING PERSONAL PROTECTIVE EQUIPMENT (PPE)**

- Gloves for custodial staff (five pairs/day for two custodians per school): **$1,440**
- Daily disposable masks for in-school staff: **$44,415**
- Disposable masks for students who do not bring masks from home (est. 30% of students): **$148,190**

**PROVIDING TRANSPORTATION & CHILD CARE**

- Resume before/after school childcare programs (with social distancing and cleaning protocols): **$168,750**
- Fog machines and cleaner for buses (7 machines): **$55,860**
- Hand sanitizer for buses: **$10,534**

**TOTAL ADDITIONAL EXPENSES AN AVERAGE* DISTRICT MAY INCUR TO REOPEN:** **$1,778,139**

*Costs will vary by district depending on many factors, including regional/market price as economy of scale (i.e., larger districts may receive lower unit rates), and the specifics of the additional requirements placed on the district by the state and local health authorities.
The CARES Act stimulus is significantly smaller than 2008’s ARRA

<table>
<thead>
<tr>
<th>Year</th>
<th>ARRA</th>
<th>CARES Act</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education Stabilization Fund</td>
<td>$86.0B</td>
<td>$16.5B</td>
</tr>
<tr>
<td>Governor’s Education Relief Fund</td>
<td>$3.0B</td>
<td>$13.5B</td>
</tr>
</tbody>
</table>

Over $2 trillion was spent in the CARES Act and less than 1% ($16.5 billion) was dedicated to K-12. Significantly less than previous stimulus packages.
Coronavirus Relief Fund - Flexibility Needed

- Congress allocated $3.1 billion to Michigan.
- Only used for COVID-19 costs that weren’t budgeted.
- Cannot backfill shortfalls due to dormant economy.
Status on Congressional Action

- We are asking for additional funds and flexibility with already allocated funds.
- The House of Representatives recently passed the HEROES Act which provides $60 billion for public schools.
  - This amount is inadequate given shortfalls.
  - Senate is not expected to take action on this bill.
- Senate Leader Mitch McConnell signaled additional aid is coming, but not before July 4. No specifics other than acknowledgement “kids” will be a focus.
Multi-Faceted Advocacy Approach

Our Kids, Our Future - Public Advocacy Campaign:

- Virtual meetings, op-eds, letters and emails from superintendents to members of Congress and state legislators.
- Videos from state lawmakers indicating support for public education.
- Letters from state legislators to members of Congress.
Multi-Faceted Advocacy Approach

School Finance For You resources:

- Informational Brief (article):
  - COVID-19 and the looming crisis in public school funding

- Informational Videos:
  - How Michigan Schools are Funded
  - How Schools Spend their Resources
  - Where Tax Dollars for Education Come From
  - How COVID-19 Impacts School Funding
What can you do to help?
Over 27,000 people have visited Our Kids, Our Future and taken action!

Visit: ourkidsfuturemi.com
Our Kids' Future - Michigan

Our Kids' Future - Michigan
Published by Chris Glass [2] · May 28 at 8:43 PM · 📢

Our kids deserve a safe and nurturing learning environment that meets their needs. A $700 per student reduction isn't acceptable.
Congress can and should act swiftly. Sign the petition today!

Our Kids, Our Future
@OurkidsfutureMi

Michigan based advocacy campaign in support of K-12 schools. Take action now by visiting https://t.co/rLvDhTdmgO! Like us on Facebook Our Kids' Future - Michigan!

17 Following 54 Followers
Questions?

Please use the chat feature in Zoom to ask any questions!