

Budget Development #1

Budget Development Process, Forecast & Enrollment Update

Board of Education
Regular Meeting
February 1, 2023

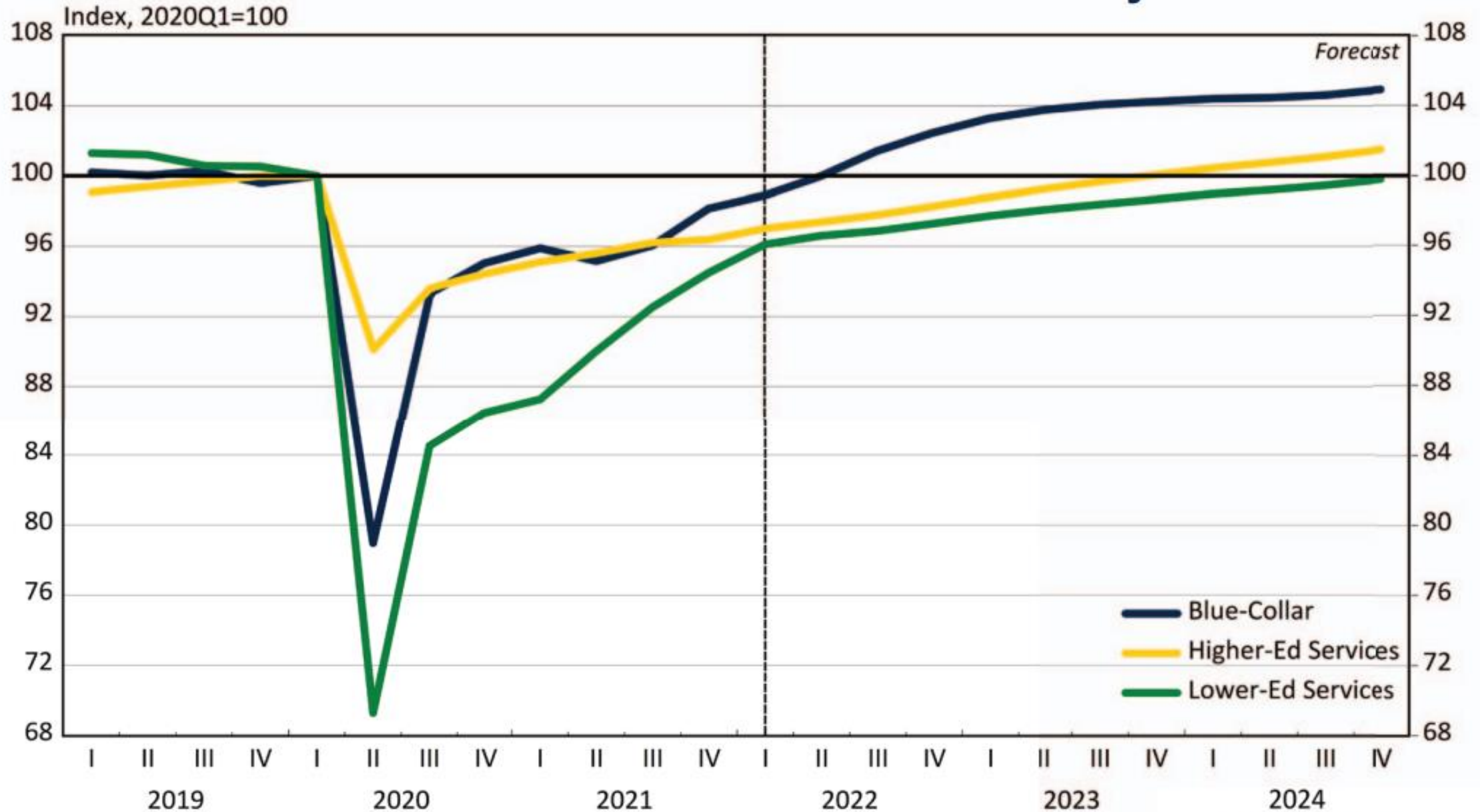
Budget Development Process

- **January – June**
 - Collective Bargaining – 5 expiring units
 - Governor – 2023 State of the State Address
- **February**
 - Governor’s “Budget Recommendation” - budget priorities for 23-24 budget cycle and beyond
- **March / April**
 - Anticipate Senate & House School Aid bills and begin compiling preliminary budget for 2023-24
 - 1st budget managers meeting (March 13th) – share known-to-date information
- **April**
 - Present preliminary forecast to Board
- **May**
 - 2nd Budget Managers meeting (May 15th) - present available information
 - Revise preliminary budget with new information from legislature and May Revenue Conference
 - Prepare recommended budget to adopt for 2023-24
- **June**
 - Hold required public hearing on proposed budget
 - Board adoption of recommended budget

Budget Variables – Global Level

- Current **recovery could be slowed** or slide backwards if Recession during 2023/2024 becomes reality.
- **Workforce supply issues continue, more than 10 million unfilled jobs**
- **Federal Reserve** has indicated there will be rate increases during 2023, to continue to control inflation.

Employment Outlook by Industry Group: Blue-Collar Industries Lead the Way



Budget Variables - State

- The Michigan **economy** continues to outpace projections, leading to record state revenues in both General Fund and School Aid Fund.
- **Political:** 40+ years since Democrats have controlled the legislature and held the Governorship
- The state still has One-Time COVID dollars benefiting both the General Fund and School Aid Fund balance sheets. Will end after 9-30-2024.
- Retirement System pressures continue

Budget Variables – Coronavirus Relief Act

AVAILABLE DOLLARS FOR EDUCATION TO ADDRESS CORONAVIRUS RESPONSE EFFORTS

ESSER FORMULA

ELEMENTARY AND SECONDARY SCHOOLS EMERGENCY RELIEF — FORMULA (ESSER-F)

Grant Structure: Formula
Eligible Applicants: LEAs & PSAs
Funds Available: \$350,817,286
Expenditure Period:
3/13/2020 to 9/30/21

[Allowable Expenditure Category Details](#)

Targets All LEAs/PSAs
that receive Title I funding in
SY 2019-2020

ESSER ED EQUITY

ELEMENTARY AND SECONDARY SCHOOLS EMERGENCY RELIEF — ED EQUITY (ESSER-EE)

Grant Structure: Competitive
Eligible Applicants: LEAs & PSAs
Funds Available: \$37,030,554
Expenditure Period:
3/13/2020 to 9/30/21

[Allowable Expenditure Category Details](#)

Targets districts with most
disadvantaged student populations
(85% economically disadvantaged)

GEER

GOVERNOR'S EMERGENCY EDUCATION RELIEF FUND (GEER)

Grant Structure: Formula
Eligible Applicants: LEAs, PSAs
(excluding PSA-Cybers), & ISDs
Funds Available: \$60,033,000
Expenditure Period:
3/13/20 to 9/30/21

[Allowable Expenditure Category Details](#)

Targets districts with most
disadvantaged student populations
(50% economically disadvantaged)

CRF

CORONAVIRUS RELIEF FUNDS (CRF) P.A. 123 & P.A. 146 OF 2020

Grant Structure: Formula
Eligible Applicants: LEAs, PSAs, & ISDs
Total Education Related Funds
Available: \$680 Million
Expenditure Period:
3/1/20 to 12/30/20

[Allowable Expenditure Category Details](#)

Targets all Districts (LEAs, PSAs, & ISDs)
& Childcare Providers

Coronavirus Relief Funds (CRF) Breakdown

One Time Appropriations:

P.A. 123: \$143,000,000 to MDE

- Sec. 103 = \$125,000,000 for child care
- Sec. 103(2) = \$18,000,000 for instructional recovery programs, benchmark assessments, and health and safety - (\$12/pupil)

P.A. 123: \$327,500.00 to Treasury

- Sec. 602 = \$25,000,000 appropriation flow through to MAISA for device purchasing program and distance learning

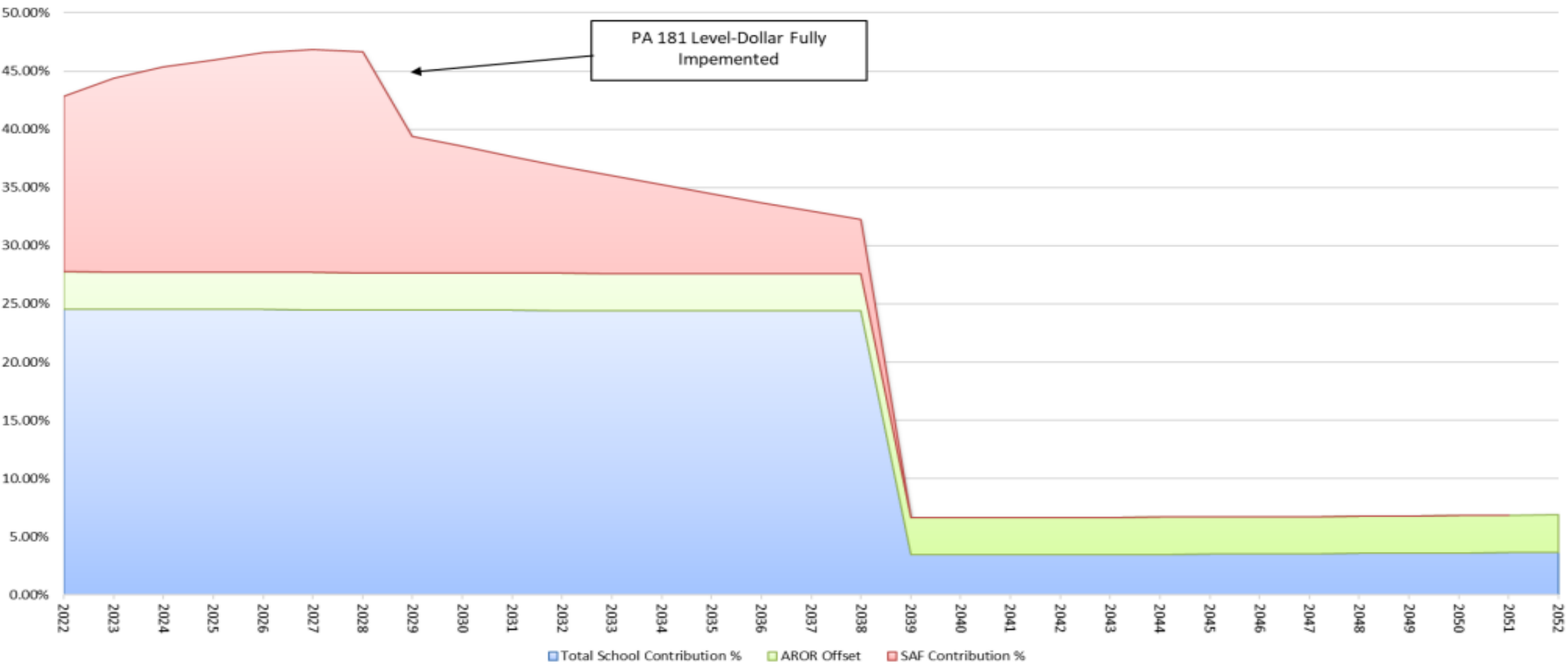
P.A. 146: \$512,000,000

- Sec. 11p = COVID-19 response efforts - (\$350/pupil)

As of 09/02/2020

Find more information on these grants at
www.michigan.gov/mde, search CARES Act.

Projected MPSERS Total Contribution Rates
(2022-2052)
Pension and Retiree Healthcare

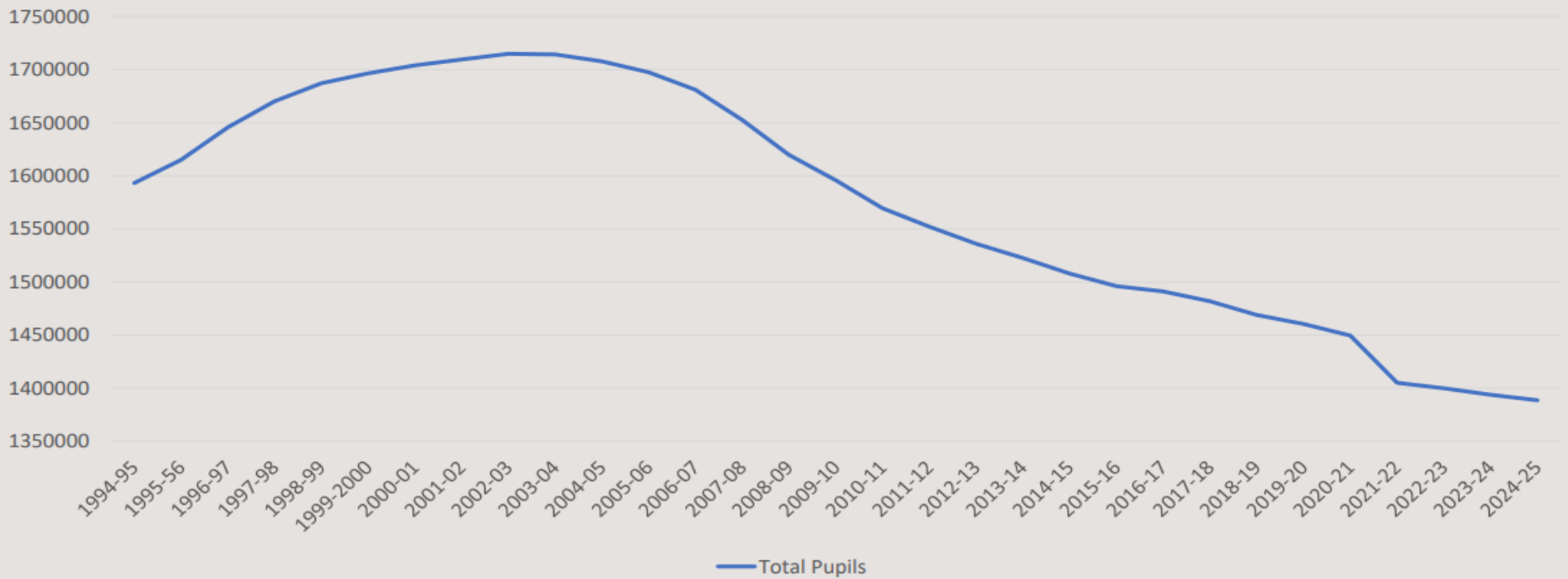


Budget Variables – State & Local Level Revenue

- Number of students \times per-pupil foundation allowance = annual revenue
- **Example:** 4,500 students \times \$9,150 = \$41,175,000
- Variable sources of funding also contribute to annual budget – COVID dollars ending soon, Need to start preparing for “**fiscal cliff**”

Pupil Membership History

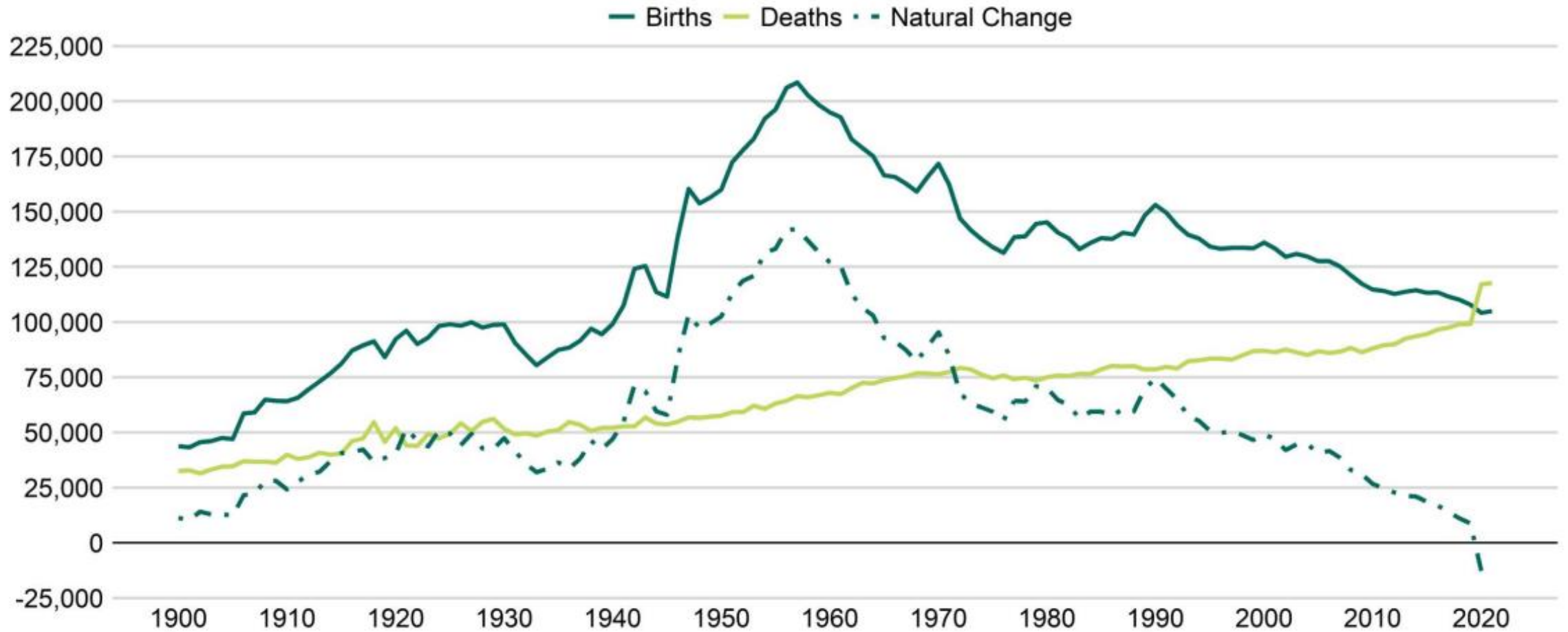
State of Michigan



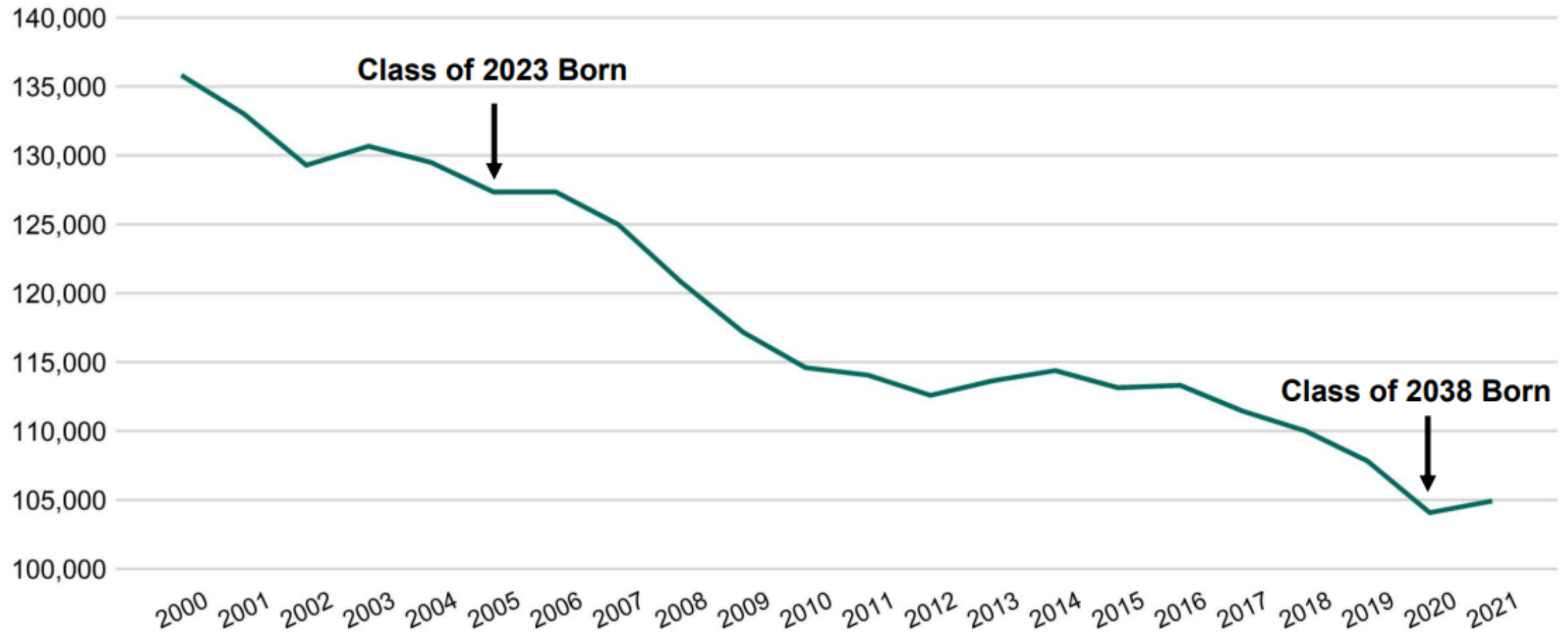
Historic Natural Change in Michigan, 1900 to 2021

(Births and Deaths)

$$\text{Population in Time 2} = \text{Population in Time 1} + \text{Natural Change (Births - Deaths)} + \text{Net Migration (In-Migration - Out-Migration)}$$



Number of Births in Michigan, 2000–2021



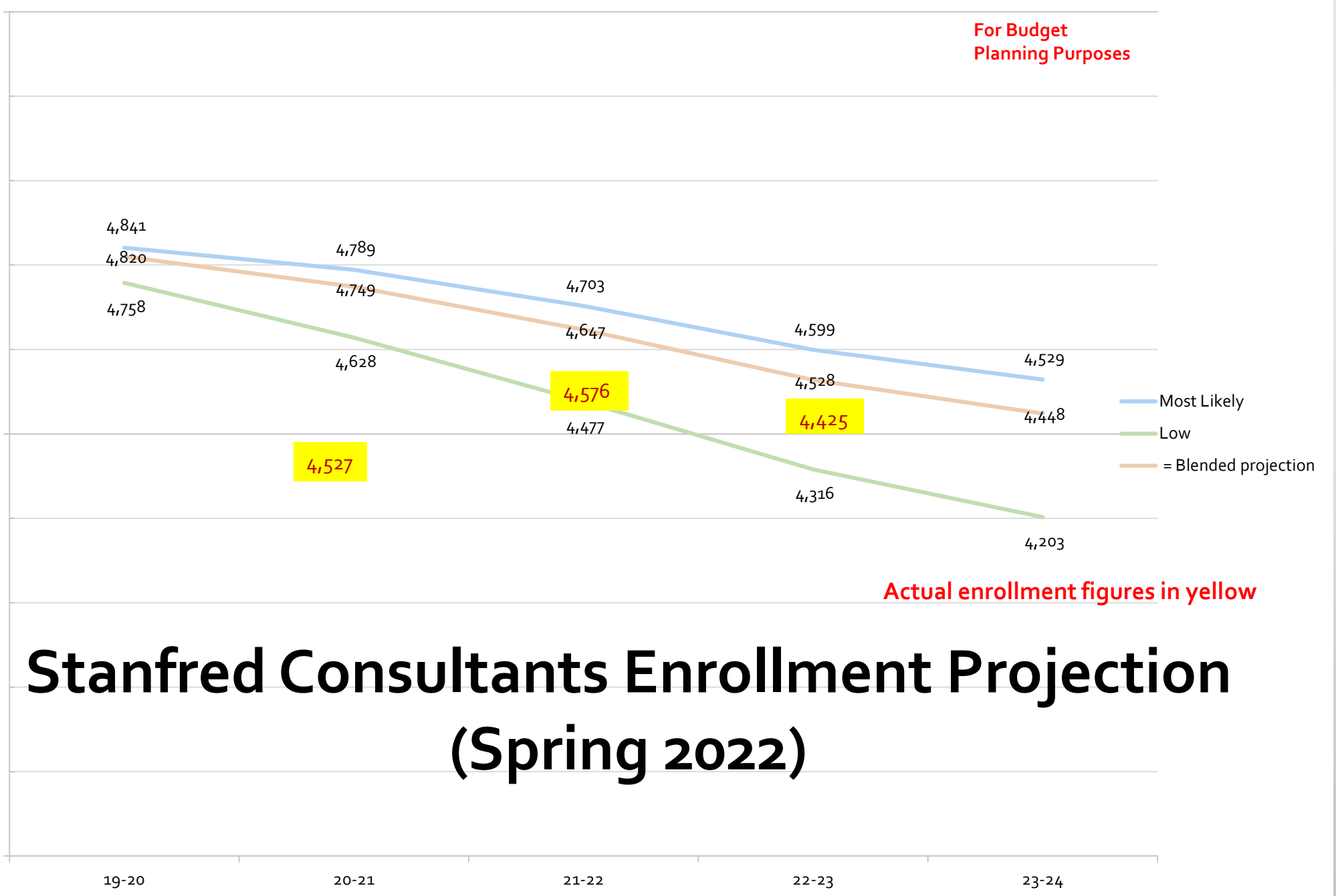
Source: Michigan Department of Health and Human Services Microdata

5,400

For Budget
Planning Purposes

4,400

3,400



Actual enrollment figures in yellow

Stanfred Consultants Enrollment Projection (Spring 2022)

October to October Enrollment Summary from Official State Report (DS-4061/4120)

| Total Enrollment Summary | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 | 2022-2023 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------------------|
| Current Year October | 5,891.47 | 5,636.28 | 5,466.11 | 5,284.06 | 5,133.14 | 4,949.53 | 4,978.16 | 4,935.99 | 4,527.44 | 4,576.02 | 4,425.03 *unaudited |
| Previous Year October | 6,068.13 | 5,891.47 | 5,636.28 | 5,466.11 | 5,284.06 | 5,133.14 | 4,949.53 | 4,978.16 | 4,935.99 | 4,527.44 | 4,576.02 |
| Total Actual Change in FTE | -176.66 | -255.19 | -170.17 | -182.05 | -150.92 | -183.61 | 28.63 | -42.17 | -408.55 | 48.58 | -150.99 |
| | | | | | | | | | | | |
| <i>Actual loss due to Graduation Exit and Kindergarten Enrollment</i> | -175 | -173 | -150 | -171 | -116 | -122 | -82 | -114 | -157 | -52* | -104 |

Budget Development Considerations

| FY Year | Lapeer % | Lapeer \$ | Board Goal | Statewide Average * |
|---------|----------|--------------|------------|---------------------|
| 2022 | 8.2% | \$4,567,595 | 10% | N/A |
| 2021 | 14.9 % | \$ 7,801,872 | 10 % | 19.3% |
| 2020 | 11.3% | \$ 5,650,525 | 10 % | 15.9 % |
| 2019 | 9.35% | \$ 4,600,564 | 10 % | 14.20 % |
| 2018 | 7.51% | \$ 3,673,384 | 10 % | 13.96 % |
| 2017 | 7.16% | \$ 3,458,632 | 10 % | 12.79 % |
| 2016 | 6.06% | \$ 2,945,139 | 10 % | 11.37 % |
| 2015 | 4.99 % | \$ 2,479,349 | 10 % | 9.83 % |

Budget Forecast – Risk Summary

| FY 20-21, 21-22, 22-23 and 23-24 School Aid Fund (SAF) Year-End Balance Estimates (millions of dollars) | | | | |
|--|---|---|-----------------|-----------------|
| | Year-End FY 20-21 Est Jan 2022 | YTD FY 21-22 * Books not closed | YTD FY 22-23 | YTD FY 23-24 |
| Revenue: Beginning Balance | \$1,290.5 | \$2,922.3 | \$4,514.9 | \$4,118.3 |
| Projected Year-End School Aid Funding Balance | \$2,882.3 | \$4,514.9 | \$4,118.3 | \$5,482.2 |

Questions / Comments