

# COVID School Budget Considerations



May 29, 2020



## Budget Comment – MIRS NEWS

*"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***



## Challenging Circumstances

- ◉ There is a misalignment between state and school district fiscal years (Schools: July 1 – June 30, State: October 1 – September 30).
- ◉ [Executive Order 2020-65](#) required payment of all district employees to continue to receive state funding.
- ◉ Any proration for this fiscal year will result in districts pulling directly from their fund balances since our fiscal year is almost done.

**FY 2019-20 REVENUE ESTIMATE COMPARISON AND CONSENSUS AGREEMENT**  
**General Fund/General Purpose (GF/GP) and School Aid Fund (SAF)**  
**May 15, 2020, Consensus Revenue Estimating Conference**  
**(millions of dollars)**

			FY 2019-20 Revised Revenue Estimates			FY 2019-20 Revised Consensus Est. 5/15/20	\$ Change from Jan. 2020 Consensus	% Change from FY 2018-19
	FY 2018-19 Final	Previous FY 2019-20 Consensus Est. Jan. 2020	Treasury Department	House Fiscal Agency	Senate Fiscal Agency			
Net GF/GP Revenue	\$11,115.9	\$11,012.1	\$9,184.8	\$9,189.8	\$8,713.9	\$9,028.2	(\$1,983.9)	(18.8%)
Net SAF Revenue	\$13,552.4	\$13,925.5	\$12,746.3	\$12,625.6	\$12,598.3	\$12,676.7	(\$1,248.8)	(6.5%)
<b>Net GF/GP &amp; SAF Revenue</b>	<b>\$24,668.3</b>	<b>\$24,937.6</b>	<b>\$21,931.1</b>	<b>\$21,815.4</b>	<b>\$21,312.2</b>	<b>\$21,704.9</b>	<b>(\$3,232.7)</b>	<b>(12.0%)</b>

**TAKEAWAY:** Large revenue reductions to state government for this fiscal year. Shortfalls cut across the two biggest funds in state government.

**FY 2020-21 REVENUE ESTIMATE COMPARISON AND CONSENSUS AGREEMENT**  
**General Fund/General Purpose (GF/GP) and School Aid Fund (SAF)**  
**May 15, 2020, Consensus Revenue Estimating Conference**  
**(millions of dollars)**

			FY 2020-21 Revised Revenue Estimates			FY 2020-21 Revised Consensus Est. 5/15/20	\$ Change from Jan. 2020 Consensus	% Change from FY 2019-20
	FY 2019-20 Revised Consensus Est. 5/15/20	Previous FY 2020-21 Consensus Est. Jan. 2020	Treasury Department	House Fiscal Agency	Senate Fiscal Agency			
Net GF/GP Revenue	\$9,028.2	\$11,194.5	\$9,267.6	\$9,575.4	\$9,084.0	\$9,279.2	(\$1,915.3)	2.8%
Net SAF Revenue	\$12,676.7	\$14,317.5	\$13,193.6	\$13,099.3	\$13,297.5	\$13,180.4	(\$1,137.1)	4.0%
<b>Net GF/GP &amp; SAF Revenue</b>	<b>\$21,704.9</b>	<b>\$25,512.0</b>	<b>\$22,461.2</b>	<b>\$22,674.7</b>	<b>\$22,381.5</b>	<b>\$22,459.6</b>	<b>(\$3,052.4)</b>	<b>3.5%</b>

**TAKEAWAY:** These are structural reductions in revenue that carry into the following year as well.

# 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**



## Bottom Line on Budget

- Shortfall is \$750 per pupil for this school year. This shortfall carries into next year as well.
- If you follow the proration process it's closer to \$650 per pupil. There is a specific formula for proration.
- No official proration process has started.

# 86%

*of district revenue goes toward...*

- Staffing and personnel (e.g. teachers, support staff, paras, custodians, principals, etc.)



# 14%

*of district revenue goes toward...*

- Utilities, supplies, textbooks, facilities maintenance, special education transportation, equipment, and other areas.

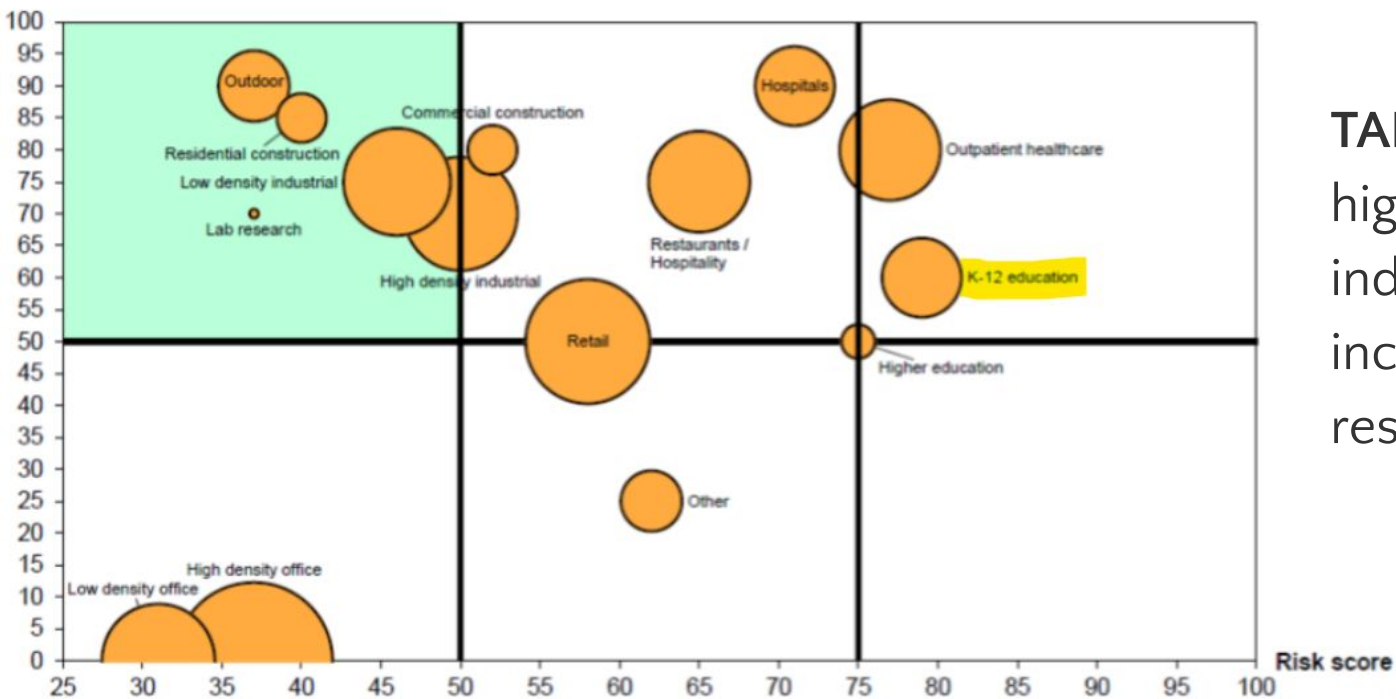


**TAKEAWAY:** Large cuts means fewer people to serve the needs of students. Larger class sizes, fewer support personnel, less curricular or programmatic offerings.

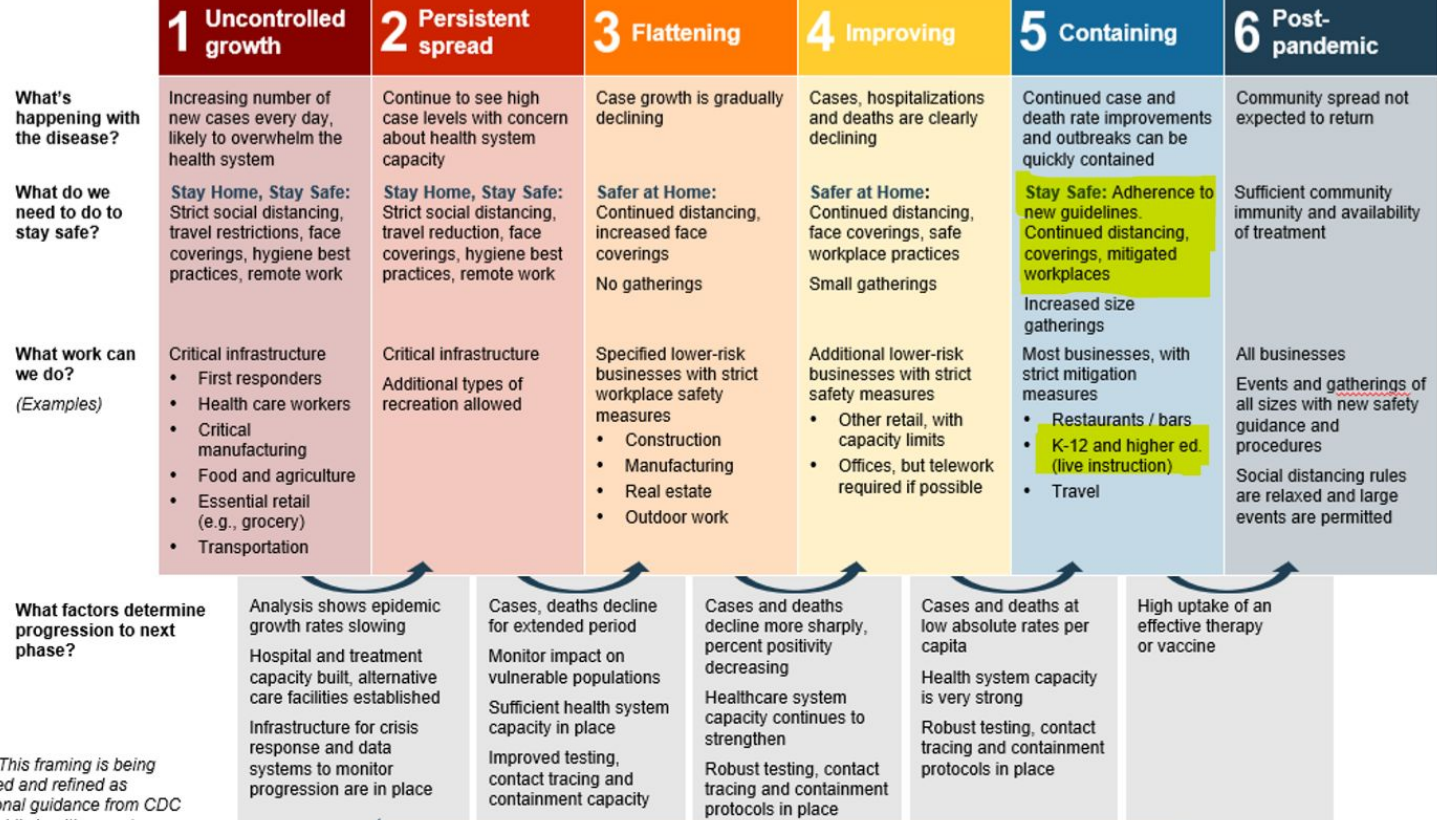


## Intersection of low workplace risk profile and high need for in-person work make Outdoor, Construction, and Industrial work good fits for initial return

In person work requirement



**TAKEAWAY:** K-12 has the highest risk score of all industries. Likely means increased guidelines and restrictions.



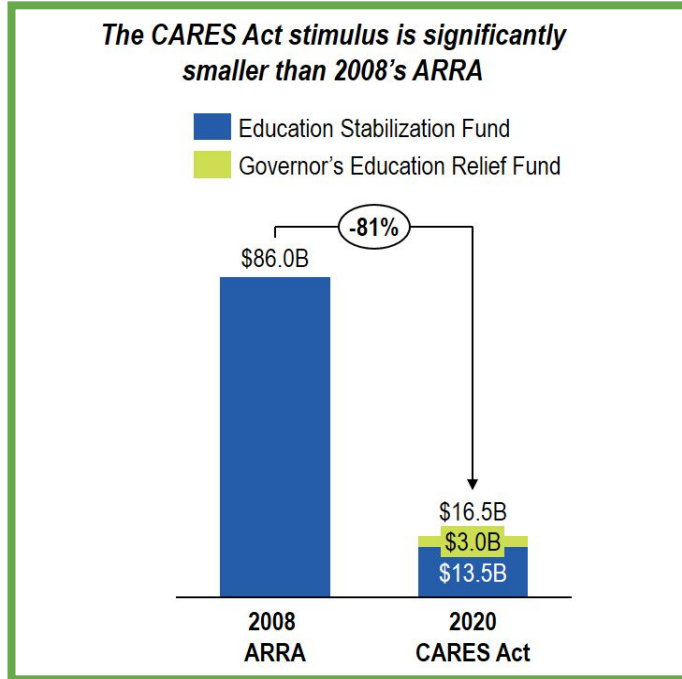
*Note: This framing is being updated and refined as additional guidance from CDC and public health experts becomes available*

It is also possible to move backwards if risk increases and if we stop adhering to safe practices

**TAKEAWAY:** Phase 5 allows K-12 to return with significant restrictions. Phase 6 is only when there is effective therapy or vaccine.



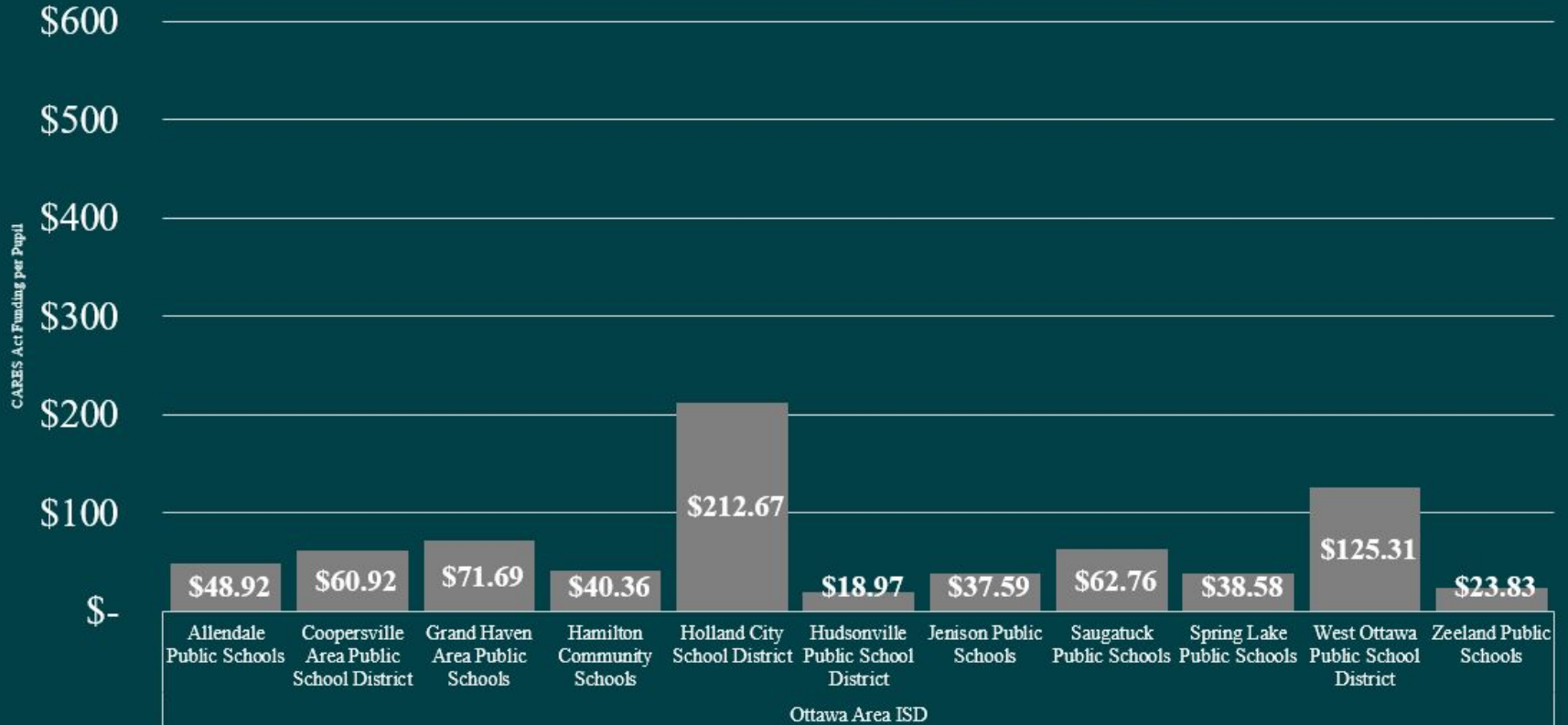
# CARES Act vs. ARRA Funds

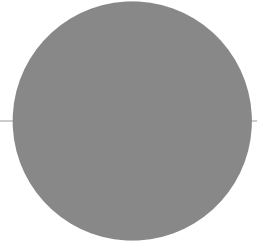


**TAKEAWAY:** Over \$2 trillion has been allocated in the CARES Act, only \$16.5 billion (less than 1%) was dedicated to K-12. This was significantly less than previous stimulus packages.

# Ottawa Area ISD LEA Districts

## CARES Act Funding per Pupil





# The End.