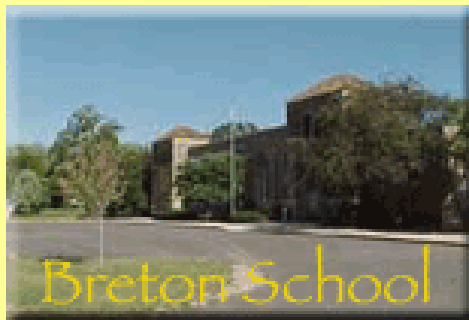


Public Hearing on the 2013-2014 District Budget June 3, 2013

BOARD ENCLOSURE

June 3, 2013

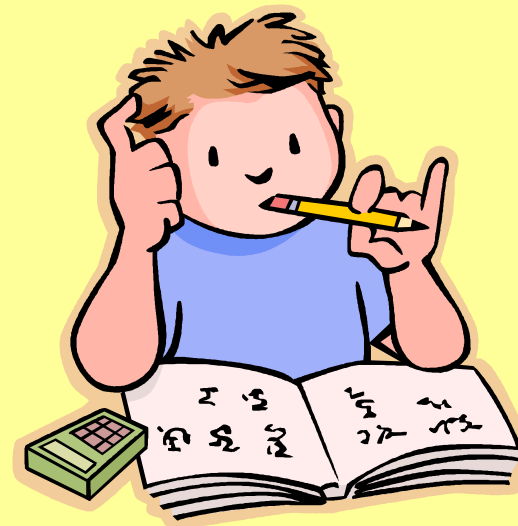
Item No. 4



2013-2014 Budget

The budget is a product of our strategic plan

*Educating and inspiring each student to
navigate successfully in a global
community.*



Budget Presentation

- E 2013-14 Proposed budget**
 - E State Budget Update/EGR Property Values**
 - E EGR Now Update**
 - E Revised forecast**
- E Budget options for 2013-14**
- E Long Term Forecast**
 - E Structural balance in long term forecast**
- E Accounting Changes**
- E Sinking Fund & Debt Retirement budget projections**
- E Discussion & Questions**

2013-14 Budget (Current budget projection)

	<u>2013-14</u>
Revenues:	\$27,463,321
Expenses;	<u>\$28,892,006</u>
Net Change	(\$1,428,685)
Beg Fund Bal.	\$2,818,919
End Fund Bal.	\$1,390,234
Fund Bal. %	4.8%

School Aid Budget

E Foundation Allowance:

- E** \$30 to \$60/pupil increase based on 2x formula (EGR = \$53/pupil)
- E** \$50/pupil equity payment to base foundation districts (EGR = \$0/pupil)

E Best Practices:

- E** Maintained at \$52/pupil

E MPSERS Credit:

- E** Reduced from \$105/pupil to \$68/pupil for EGR

E Performance Funding:

- E** Funding level maintained at a possible \$100/pupil
- E** EGR to receive \$40/pupil (High School)

E Student Membership:

- E** From 90% current fall, 10% prior spring to 90% current fall, 10% following spring

E Professional Development:

- E** Starting in 2014-15, can no longer count up to 38 hours as instructional time

School Aid Budget Update

	Budget Projection	Conference Committee
Foundation Allowance \$120 increase if under \$6,996	\$7,397	\$7,450
MSPERS Credit	\$105/pupil	\$68/pupil
Best Practices	\$16/pupil	\$52/pupil
Student Achievement	<u>\$0/pupil</u>	<u>\$40/pupil</u>
Total Per Pupil Funding	\$7,518	\$7,610
Net Change		\$92/pupil
Financial Impact		\$276,000

District Property Values

E Taxable Values:

E East Grand Rapids:

- E State Equalized Value up 6.17%**
- E Taxable Value up 3.69%**
- E Non-Homestead Taxable Value up 5.72%**

E Kent County:

- E State Equalized Value up 0.02%**
- E Taxable Value down 0.07%**
- E Non-Homestead Taxable Value up 0.47%**

E Impact of Strong Increase in taxable values:

E Non-Homestead, Recreational, and Sinking Fund millage(s) all Headlee reduced

- E Non-Homestead: 18.0 to 17.9082 mills (\$6,000 loss of state aid)**
- E Recreational Millage: 1.3455 to 1.3395 mills**
- E Sinking Fund: 0.4926 mills to 0.4903**

E Recreational and Sinking Fund dollars increase year over year, just not to the level of growth of district taxable values.

“EGR NOW”

- E The Board of Education would like to thank the East Grand Schools Foundation and our community for their financial support to maintain academic programs for students**
- E The EGR NOW campaign raised \$243,904 for the 2013-14 school year!**


2013-14 Budget

(Revised Budget Projection, including 2012-13 updates)

	<u>Original Projection</u>	<u>Revised Projection</u>
Revenues:	\$27,463,321	\$27,481,633
Add'l. State Rev	\$0	\$276,000
EGR Now	<u>\$0</u>	<u>\$243,904</u>
Total Revenues	\$27,463,321	\$28,001,537
Expenses	<u>\$28,892,006</u>	<u>\$28,865,512</u>
Net Change	(\$1,428,685)	(\$863,975)
Beg Fund Bal.	\$2,818,919	\$2,818,919
End Fund Bal.	\$1,390,234	\$1,954,944
Fund Bal. %	4.8%	6.8%

Budget Options

Summary of Reductions

- E Administrative Savings: \$65,000**
- E Early Retirement Incentive: \$80,000**
- E Outsource non-staff coaches: \$30,000**
- E Increase pay to participate to \$250/sport: \$50,000**
- E Food Service staffing reduction/meal price increase: \$25,000**
- ~~**E Reduce secretarial staffing: \$30,000**~~
- E Elementary paraprofessional positions: \$140,000**
- E Reduce one section in 2nd grade: \$90,000** 
- E Intervention Specialist position: \$90,000**
- E Elementary world language: \$270,000**
- E One high school guidance position: \$120,000**
- E Elementary art: \$180,000**
- E Elementary general education social work: \$75,000**
- E Less: EGR Now Funding (\$243,904)**
- E Total: ~~\$1,245,000~~ \$971,096**

Beyond the line, administration feels the district is no longer "what we want it to be"

Budget Option 1

(All proposed cuts less program(s) funded by EGR NOW)

	<u>Current Budget</u>	<u>Budget w/all cuts</u>
Base Revenues:	\$28,001,537	\$28,001,537
Budget Recommendations	\$0	\$60,000
Total Revenues	\$28,001,537	\$28,061,537
Base Expenses	\$28,865,512	\$28,865,512
Budget Recommendations	\$0	(\$911,096)
Total Expenses	<u>\$28,865,512</u>	<u>\$27,954,416</u>
Net Change	(\$863,975)	\$107,121
Beg Fund Bal.	\$2,818,919	\$2,818,919
End Fund Bal.	\$1,954,944	\$2,926,040
Fund Bal. %	6.8%	10.5%

Budget Option 2

(All proposed cuts "up to the line")

	<u>Current Budget</u>	<u>Budget w/cuts to line</u>
Base Revenues:	\$28,001,537	\$28,001,537
Budget Recommendations	\$0	\$60,000
Total Revenues	\$28,001,537	\$28,061,537
Base Expenses	\$28,865,512	\$28,865,512
Budget Recommendations	\$0	(\$447,751)
Total Expenses	<u>\$28,865,512</u>	<u>\$28,417,761</u>
Net Change	(\$863,975)	(\$356,224)
Beg Fund Bal.	\$2,818,919	\$2,818,919
End Fund Bal.	\$1,954,944	\$2,462,695
Fund Bal. %	6.8%	8.7%

Other Budget Variables

E Student Enrollment:

- E** Current Budget Forecast is 3,000 students
- E** Change in methodology from 10% prior February to 10% current February to go along with 90% from current September
- E** Senior Class this year = 210, average is 240 to 250
- E** Current Kindergarten/Young 5's: 178 for K, 34 for Young 5's
- E** Kindergarten budget number: 200
- E** If district experiences summer growth of approximately 40 and Kindergarten increases to 200
- E** Enrollment would be: 3,020, \$150,000 revenue increase

E Negotiations:

- E** Step Increase for all employees is in budget: \$370,000
- E** Step increase is mandatory subject of bargaining with collective bargaining groups

Long Range Forecast & Structural Balance

Long Term Budget Forecast – Option 1

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Revenues:	\$27,970,847	\$28,061,537	\$27,598,496	\$27,646,189
Expenses;	<u>\$28,650,268</u>	<u>\$27,954,416</u>	<u>\$28,468,963</u>	<u>\$29,030,012</u>
Net Change	(\$679,421)	\$107,121	(\$870,467)	(\$1,383,912)
Beg Fund Bal.	\$3,498,340	\$2,818,919	\$2,926,040	\$2,055,573
End Fund Bal.	\$2,818,919	\$2,926,040	\$2,055,573	\$671,661
Fund Bal. %	9.8%	10.5%	7.2%	2.3%
Funding	\$7,397	\$7,450	\$7,450	\$7,450
Salary/Wages	0.0%	1.8%	1.8%	1.8%
Health	(20.0)%	3.5%	3.0%	3.0%
Retirement	24.32%	24.79%	25.78%	26.00%

Long Term Budget Forecast – Option 2

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Revenues:	\$27,970,847	\$28,061,537	\$27,598,496	\$27,646,189
Expenses;	<u>\$28,650,268</u>	<u>\$28,417,761</u>	<u>\$28,917,686</u>	<u>\$29,488,536</u>
Net Change	(\$679,421)	(\$356,224)	(\$1,319,190)	(\$1,842,347)
Beg Fund Bal.	\$3,498,340	\$2,818,919	\$2,462,695	\$1,143,505
End Fund Bal.	\$2,818,919	\$2,462,695	\$1,143,505	(\$698,842)
Fund Bal. %	9.8%	8.7%	4.0%	(2.4%)
Funding	\$7,397	\$7,450	\$7,450	\$7,450
Salary/Wages	0.0%	1.8%	1.8%	1.8%
Health	(20.0)%	3.5%	3.0%	3.0%
Retirement	24.32%	24.79%	25.78%	26.00%

Issues driving Long Term Forecast

E One Time Revenues in 2013-14 Budget:

- E** EGR NOW: \$243,904
- E** Best Practices: \$52/pupil, or \$156,000
- E** Performance Based Funding: \$40/pupil, or \$120,000
- E** Total one time revenues in 2013-14 budget: **\$519,904**

E Step Increase:

- E** Equivalent to approximately 1.8% of total salaries, or **\$370,000** district wide with Retirement/FICA costs added

E Health Care: 3% increase to cap

- E** Approximately **\$80,000** annually

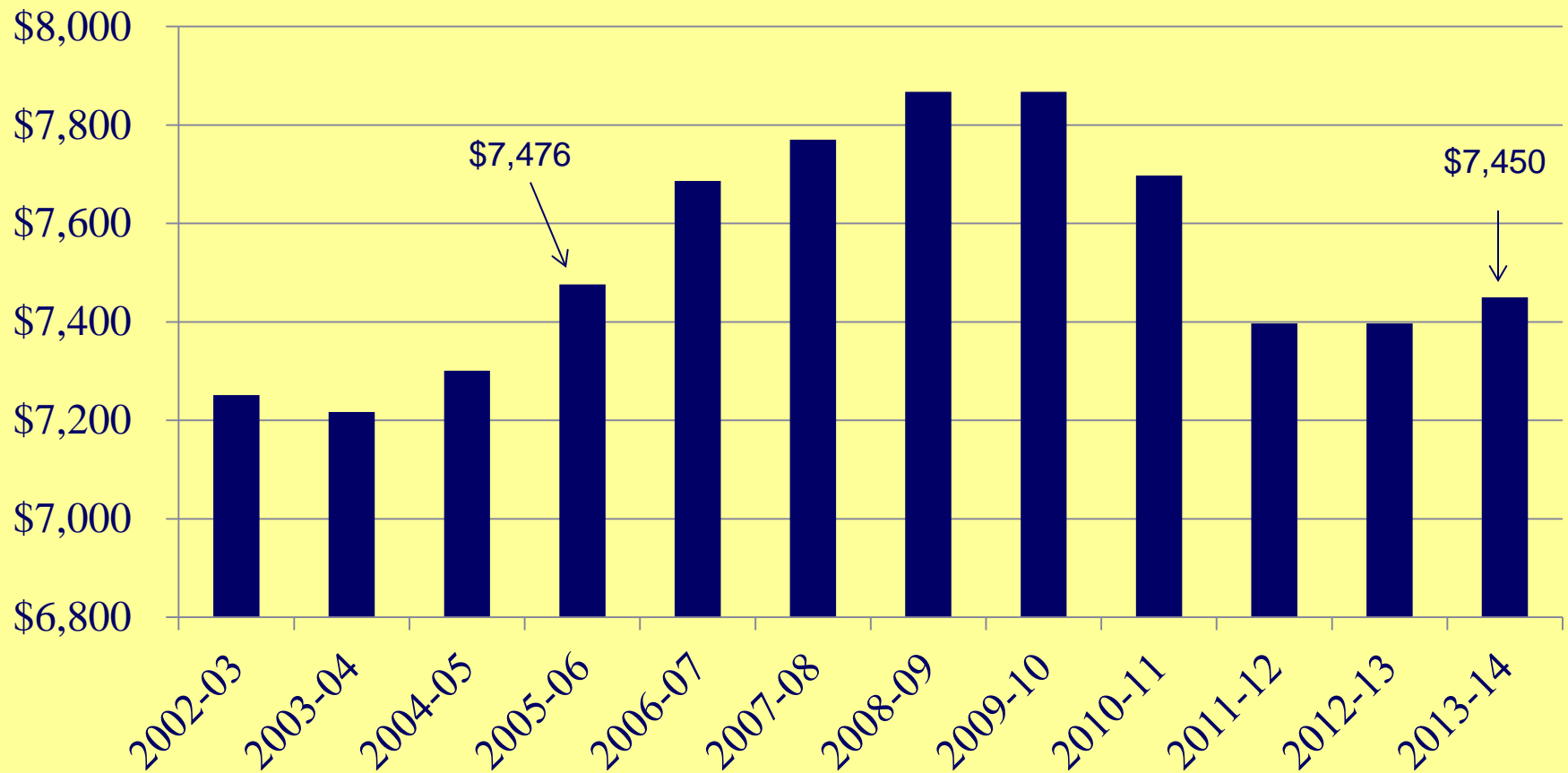
E Retirement Rate: PA300 didn't fully "cap" rate

- E** 24.79% in 2013-14, 25.78% in 2014-15
- E** Incremental cost: **\$44,000** in 2013-14, **\$143,000** in 2014-15

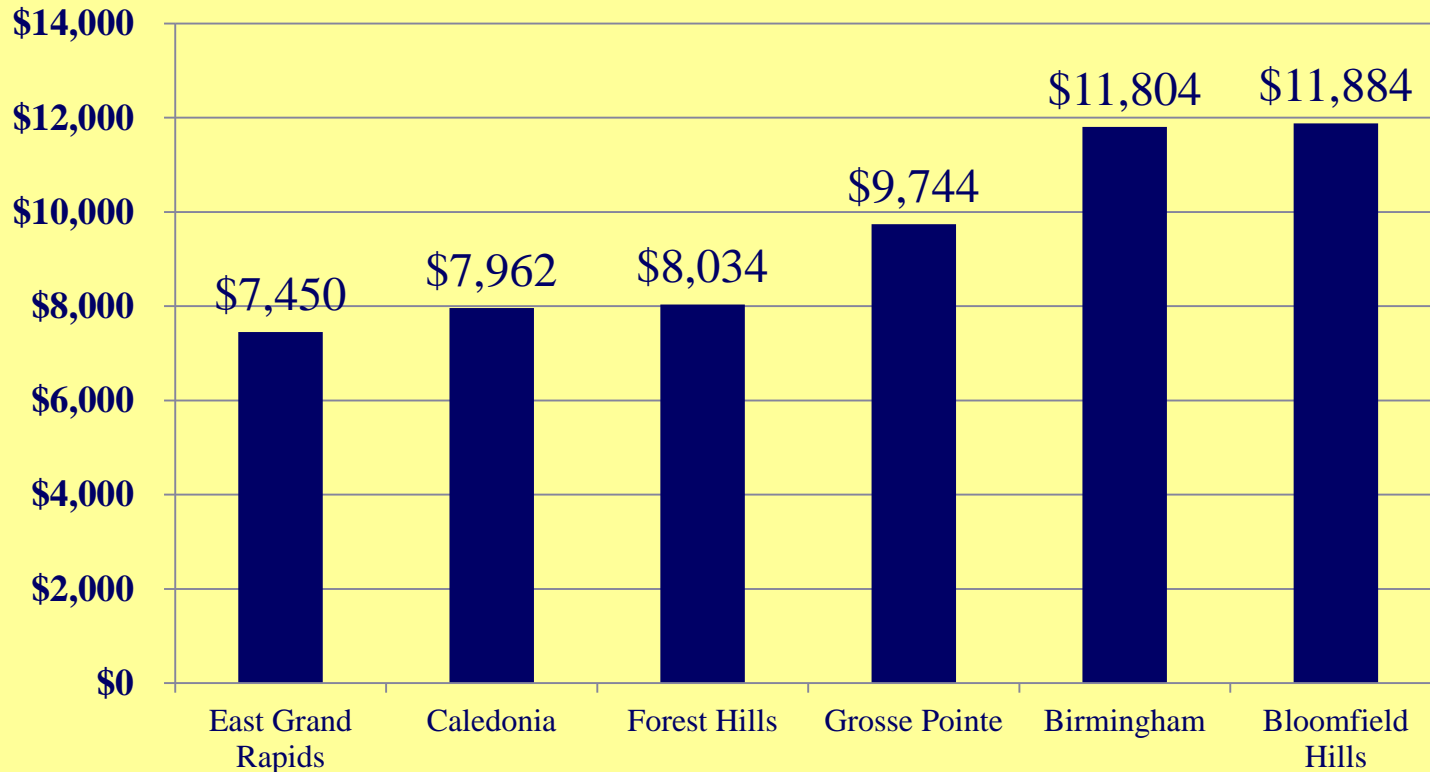
Structural Balance from year to year

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Foundation Allowance	\$159,000	\$0	\$0
Best Practices	\$0	(\$156,000)	\$0
Performance Funding	\$120,000	(\$120,000)	\$0
EGR NOW	<u>(\$277,000)</u>	<u>(\$243,904)</u>	<u>\$0</u>
Total Revenues	\$2,000	(\$519,904)	\$0
Salary Scale Increase	\$0	\$0	\$0
Step Increase	\$370,000	\$370,000	\$370,000
Health Care	\$80,000	\$80,000	\$80,000
Retirement Rate Increase	<u>\$44,000</u>	<u>\$143,000</u>	<u>\$18,000</u>
Total Expenses	\$494,000	\$593,000	\$468,000

Per-Pupil Funding History



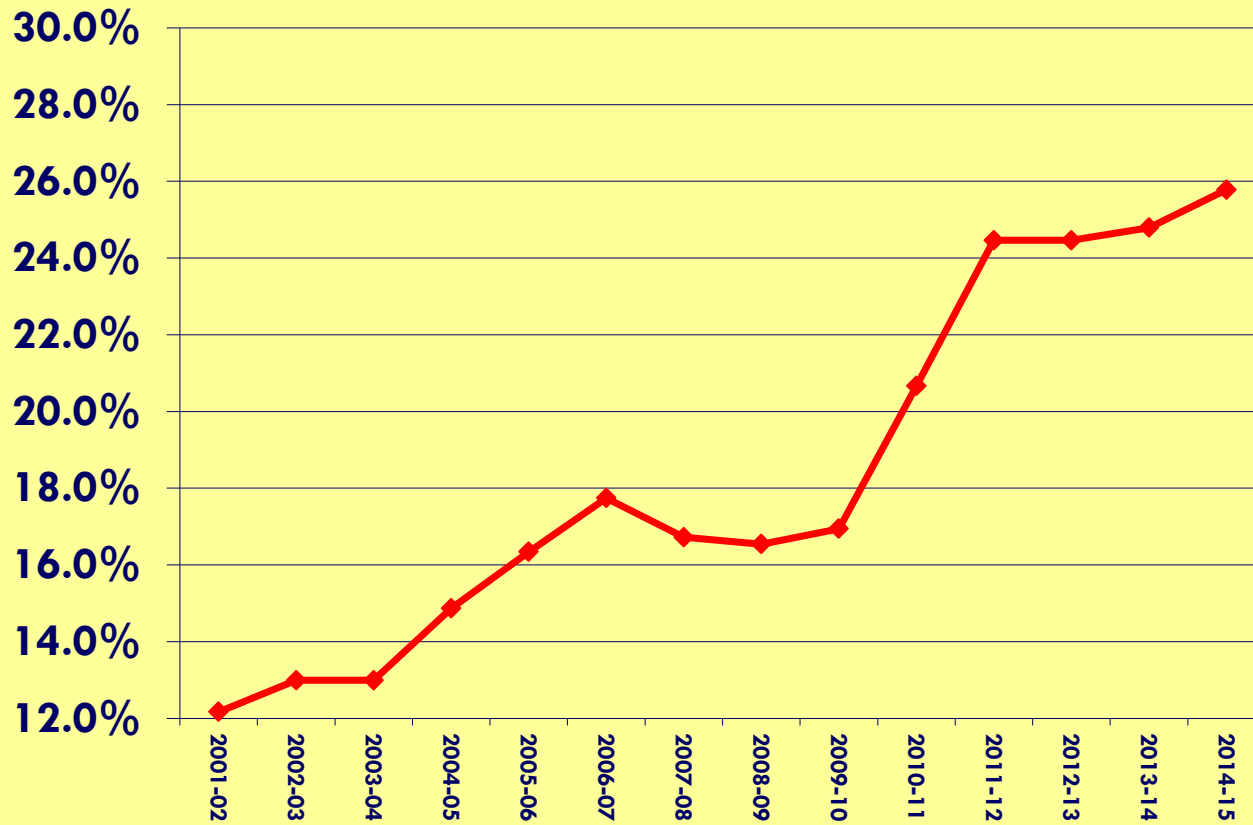
Foundation Allowance Comparison



Incremental Revenue Per 3,000 students:

Caledonia: \$1,536,000
Forest Hills: \$1,752,000
Grosse Pte.: \$6,882,000
Birmingham: \$13,062,000
Bloomfield: \$13,302,000

Retirement Contribution Rate



Bulletin 1014 – 2011-12 Update

- E State report that ranks the revenue and expenses of all 796 public and charter school districts**

	<u>2010-11</u>	<u>2011-12</u>
All sources of revenue	282nd	185th
Expenses:		
Basic programs (General Education)	101st	52nd
Added Needs (Special Education, Title I)	695th	702nd
Instructional Support (Inst. Office, Guidance, Media)	148th	148th
Business & Administration	386th	485th
Operations & Maintenance	303rd	308th
Total General Fund Expenses	254th	201st
Average Teacher Salaries	47th	44th

Accounting Changes

Starting with 2012-13 budget

E Recreational Millage:

- E** At the direction of our independent auditors, the revenues and expenses related to the recreational millage will be separated from the general fund and shown in their own fund (similar to how athletics used to be)
- E** Decrease in General Fund revenues & expenses: Approximately \$750,000

E Public Act 300:

- E** Due to GASB accounting rules, the School Aid Fund support of the MPERS retirement system has to be shown in local school district revenue and expense
- E** From an expense standpoint, full 29.35% will be in expenses, revenue will offset back to a net 24.79%.
- E** 2012-13 increase in revenues/expenses: \$250,000
- E** 2013-14 increase in revenues/expenses: \$750,000

Long Term Budget Forecast – Option 1

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Revenues:	\$27,441,438	\$28,007,002	\$27,527,870	\$27,559,151
Expenses;	<u>\$28,120,859</u>	<u>\$27,899,881</u>	<u>\$28,398,337</u>	<u>\$28,943,063</u>
Net Change	(\$679,421)	\$107,121	(\$870,467)	(\$1,383,912)
Beg Fund Bal.	\$3,498,340	\$2,818,919	\$2,926,040	\$2,055,573
End Fund Bal.	\$2,818,919	\$2,926,040	\$2,055,573	\$671,661
Fund Bal. %	10.0%	10.5%	7.2%	2.3%
Funding	\$7,397	\$7,450	\$7,450	\$7,450
Salary/Wages	0.0%	1.8%	1.8%	1.8%
Health	(20.0)%	3.5%	3.0%	3.0%
Retirement	24.32%	24.79%	25.78%	26.00%

Long Term Budget Forecast – Option 2

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Revenues:	\$27,441,438	\$28,007,002	\$27,527,870	\$27,559,151
Expenses;	<u>\$28,120,859</u>	<u>\$28,363,226</u>	<u>\$28,847,061</u>	<u>\$29,401,498</u>
Net Change	(\$679,421)	(\$356,224)	(\$1,319,190)	(\$1,842,347)
Beg Fund Bal.	\$3,498,340	\$2,818,919	\$2,462,695	\$1,143,505
End Fund Bal.	\$2,818,919	\$2,462,695	\$1,143,505	(\$698,842)
Fund Bal. %	10.0%	8.7%	4.0%	(2.4%)
Funding	\$7,397	\$7,450	\$7,450	\$7,450
Salary/Wages	0.0%	1.8%	1.8%	1.8%
Health	(20.0)%	3.5%	3.0%	3.0%
Retirement	24.32%	24.79%	25.78%	26.00%

Sinking Fund Budget

	<u>2012-13</u>	<u>2013-14</u>	<u>Change</u>
Revenues	\$311,349	\$295,486	(\$15,863)
Expenses	<u>\$196,500</u>	<u>\$200,000</u>	<u>(\$3,500)</u>
Net Chg	\$114,849	\$95,486	(\$12,363)
Fund Bal	\$1,242,111	\$1,337,597	


Debt Retirement Fund Budget

	<u>2012-13</u>	<u>2013-14</u>	<u>Change</u>
Revenues	\$4,610,206	\$4,774,955	\$87,203
SBLF	<u>\$1,226,309</u>	<u>\$1,427,160</u>	<u>(\$468,597)</u>
Tot Rev	\$5,836,515	\$6,202,115	(\$381,394)
Expenses	<u>\$5,836,515</u>	<u>\$6,202,115</u>	<u>(\$381,394)</u>
Net Chg	\$0	\$0	\$0
Fund Bal	\$225,557	\$225,557	

Summary

- E State School Aid budget better than expected for 2013-14**
 - E No assurances for 2014-15 and beyond**
- E Foundation allowance is still lower than the 2005-06 fiscal year**
- E School Aid fund support of MPSEERS will absorb additional SAF funds, making concept of “structural balance” critical**
- E Community support via EGR NOW shows how important current academic program is to parents/community**
- E Lansing has provided cost control measures, but now has to invest in public education. \$16/pupil increase is not a sustainable “investment”**

Summary of Reductions

- E Administrative Savings: \$65,000**
- E Early Retirement Incentive: \$80,000**
- E Outsource non-staff coaches: \$30,000**
- E Increase pay to participate to \$250/sport: \$50,000**
- E Food Service staffing reduction/meal price increase: \$25,000**
- ~~**E Reduce secretarial staffing: \$30,000**~~
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- E Less: EGR Now Funding (\$243,904)**
- E Total: ~~\$1,245,000~~ \$971,096**

Beyond the line, administration feels the district is no longer "what we want it to be"