









2018-2019 Amended Budget

East Grand Rapids Public Schools



Discussion Topics

-  **Budget Assumption changes from June to October**
-  **Proposed 2018-2019 General Fund Budget Amendment**
- Review of June adoption, summary of changes since June
-  **Additional 2018-2019 Budget Detail**
-  **Factors influencing future years forecast**
-  **Budget Forecast for 2019-2020 & 2020-2021**
-  **Summary & Questions**



2018-2019 Amended Budget



Budget Assumptions: June to October

	June	October
Revenues:		
Foundation Allowance	\$8,064	\$8,064
Student Enrollment	2,875	2,890
Enhancement Millage per student	\$215	\$225
EGRNow!	\$239,709	\$239,709
Expenses:		
Salary Formula:	1.0% base + step	2.0% base + step
Additional Staffing:	(0.6 FTE HS), 0.4 Reading, 0.5 Spec Ed	Additional: 1.0 FTE Kindergarten, 0.6 MS, 0.5 Psych
Health Care (% increase)	3.4%	3.4%
State Retirement	26.18%	26.18%
Utilities (% increase)	5.00%	5.00%



2018-2019 Amended Budget

	2018-2019 Original Budget	2018-2019 Amended Budget	Variance F/(U)
Revenues	\$30,393,330	\$30,795,708	\$402,378
Expenses	<u>\$30,378,415</u>	<u>\$30,784,486</u>	<u>(\$406,071)</u>
Change in Fund Reserve	\$14,915	\$11,222	(\$3,693)
Beginning Unreserved Fund Reserve	\$2,796,190	\$2,796,190	
Ending Unreserved Fund Reserve	\$2,811,105	\$2,807,412	
Ending Fund Reserve %	9.3%	9.1%	



Amended Budget – Change in Revenues

- **\$402,378 Overall Increase from June**

• Foundation Grants	\$50,000
• Foundation Allowance	\$120,960
• State At-Risk (31a)	\$54,350
• State Special Education	\$23,350
• Early Childhood	\$91,000
• Act 18	\$40,891
• Enhancement Millage	\$32,280
• 0.5 FTE Psych increase	(\$42,000)
• Others	\$31,547



Amended Budget – Change in Expenses

- **\$406,071 Overall increase from June**

• Foundation Grants	\$50,000
• Salaries	\$196,096
• Retirement/FICA	\$67,000
• Substitute Teaching	\$63,000
• Classroom Supplies	\$22,085
• Health/Dental	(\$6,341)
• Others	\$14,231



2018-2019 Additional Budget Detail



Programs funded by Local funds

Enhancement Millage:		Recreational Millage:	
Funding:	\$650,405	Funding:	\$908,257
Elementary Specials (Partial)	\$268,000	Custodial Services (40%)	\$425,000
Elementary Reading (Partial)	\$175,000	PAC Mgmt. (50%)	\$55,500
Elementary Class Size	\$90,000	High School Pool	\$91,000
High School Counseling	\$87,000	Fields/Playgrounds	\$115,000
Classroom Tech Support	\$35,000	Utilities (27%)	\$222,000
EGRNow/Forever:			
Funding:	\$239,709		
Elementary Parapro's (Full)	\$130,000		
World Language (Partial)	\$80,000		
PAC Management (30%)	\$30,000		

Classroom Programs operating with shortfalls

Special Services:		At Risk/Reading:	
Funding:		Funding:	
Foundation Allowance	\$226,723	Section 31a (At Risk)	\$139,415
State 28% cost reimbursement	\$441,785	Section 35a (Early Literacy)	<u>\$40,320</u>
State 70% transportation reimbursement	\$90,000	Total	\$179,735
Act 18 (County)	\$1,267,682	Expenses:	
IDEA (Federal)	<u>\$299,638</u>	Literacy Coordinator	\$128,250
Total	\$2,325,828	Reading Support Teachers	<u>\$229,850</u>
Expenses:		Total	\$358,100
Teachers	\$954,533	Shortfall	(\$178,365)
Itinerants (Psych, OT, Speech, etc.)	\$1,036,638		
Paraprofessionals	\$416,950	Title I:	
Administrative	\$200,439	Funding	\$83,086
Transportation	\$128,000	Expenses (0.8 FTE at MS)	<u>\$106,498</u>
Supplies	\$30,000	Shortfall	(\$23,412)
Center Based Programs (Net Cost)	<u>\$40,000</u>		
Total	\$2,806,560		
Shortfall	(\$480,732)		



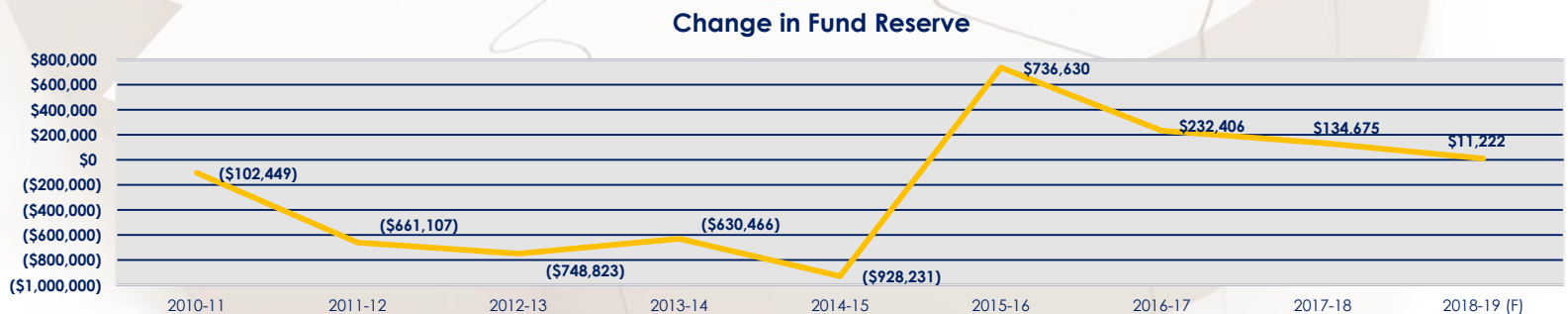
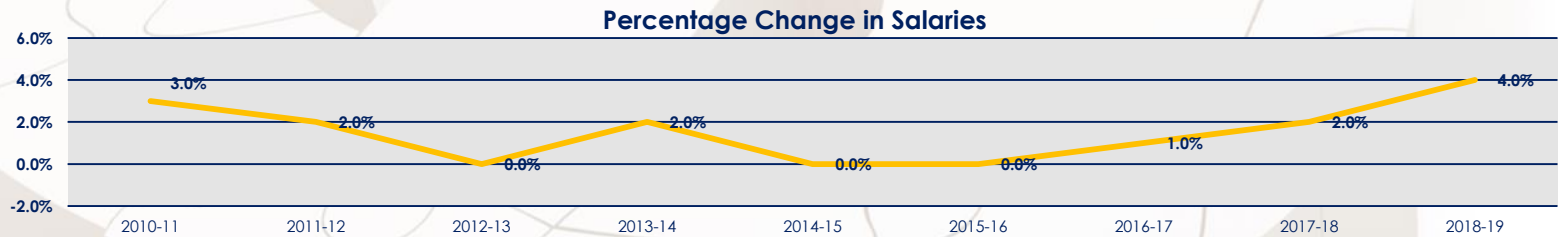
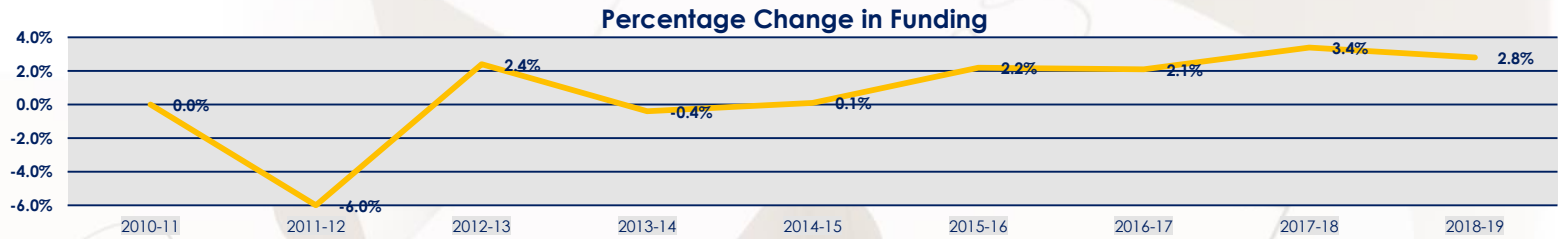
Woodcliff Early Childhood Program Finances

	Before & After Care	Pre-School	Total
Revenue:	\$507,000	\$366,000	\$873,000
Expenses:			
Salaries	\$20,000	\$140,000	\$160,000
Health/Dental	\$10,000	\$77,000	\$87,000
Retirement/FICA	\$9,250	\$65,000	\$74,250
Contracted Personnel	\$225,000	\$29,500	\$254,500
Snacks	\$7,500	\$4,000	\$11,500
Supplies/Miscellaneous	<u>\$30,000</u>	<u>\$13,000</u>	<u>\$43,000</u>
Total	\$301,550	\$328,500	\$630,050
Surplus/(Shortfall)	\$205,250	\$37,500	\$242,950

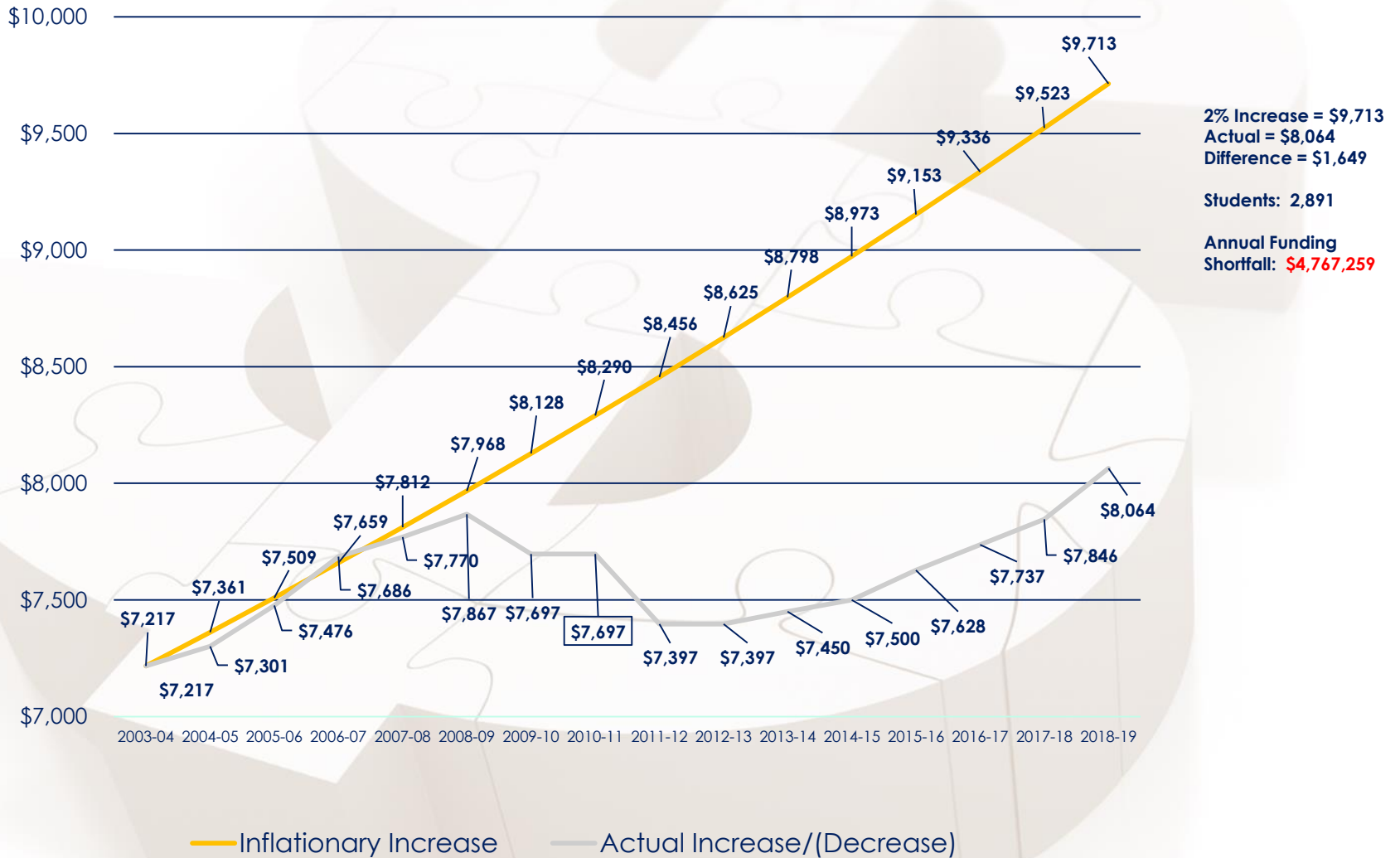
Funding, Salaries, Change in Fund Reserve

10 year history

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Per-Pupil	\$7,867	\$7,867	\$7,397	\$7,397	\$7,450	\$7,500	\$7,628	\$7,737	\$7,846	\$8,064	\$8,214
EGRNow!	\$0	\$0	\$0	\$175	\$90	\$50	\$86	\$138	\$87	\$83	\$52
Enhance Millage	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$211</u>	<u>\$225</u>	<u>\$230</u>
Total	\$7,867	\$7,867	\$7,397	\$7,572	\$7,540	\$7,550	\$7,714	\$7,875	\$8,144	\$8,372	\$8,496



Per Pupil Funding: Actual vs. 2% inflationary increase





Factors influencing Future Years Forecast



Funding Factors

	2019-20	2020-21	2021-22
State Funding:			
Projected School Aid Fund Growth	\$326.4 million	\$389.1 million	\$400.7 million
Projected state student enrollment	1,476,000	1,476,000	1,476,000
Projected SAF growth per student	\$221	\$264	\$271

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
County Taxable Value Growth %	(2.39)	(2.28)	(0.07)	1.63	3.22	0.53	3.40	4.81
District Taxable Value Growth %	1.27	1.79	3.69	3.50	4.48	3.27	3.70	5.10

- **School Aid Fund Growth:**

- How much of SAF growth is invested in foundation allowance:
 - **MPSERS:** Dedicated Gains policy taking discount rate to about 7.1% in 2019-20. \$88 million in SAF dollars allocated this school year to support the reduction from 8.0% to 7.5%. Also need to monitor impact of 2017 pension reforms and cost to system.
 - **Higher Education:** \$900 million from the SAF allocated to community colleges (100% of state funding), and universities this year. Still over \$1 billion in state university funding in state's general fund. Will additional university funding shift from GF to SAF?
 - **General Fund budget pressures:** Allocation of GF funds to repair roads ramps up in 2019-20 (\$325 million), reaching full amount in 2020-21 (\$600 million). Are excess SAF funds utilized to support GF?



Student Enrollment

June 2018	Student Enrollment	Graduating Seniors	Kinder/Y'5	Elementary Students	MS Students	HS Students
2018-2019	2,875	232	185*	1,194	690	970
2019-2020	2,850	243	185*	1,178	685	976
2020-2021	2,825	248	185*	1,171	701	942
2021-2022	2,810	239	185*	1,163	676	958

October 2018	Student Enrollment	Graduating Seniors	Kinder/Y'5	Elementary Students	MS Students	HS Students
2018-2019	2,889	232	213	1,226	683	980
2019-2020	2,875	243	195*	1,216	671	988
2020-2021	2,860	248	195*	1,213	698	949
2021-2022	2,845	239	195*	1,219	668	958

- Future kindergarten classes assume 10 schools of choice students
- Kent County birth rates have improved last couple of years, EGR's ratio of kindergartners to total births has increased as well



Factors influencing district expenses

Cost of Increases:	Total Cost	Cost per Pupil
1% base scale increase w/Ret & FICA	\$209,000	\$73
Step increment increase (2.0%) w/Ret & FICA	\$417,550	\$145
2.5% health care state cap increase	\$75,000	\$26
5% Utility increase	<u>\$45,000</u>	<u>\$16</u>
Total	\$746,550	\$260
1% increase to retirement rate	\$156,000	\$55

- **Year Over Year cost drivers :**

- \$42 per student required to cover normal state health insurance cap increase and increase in price of utilities
- \$260 per student required to provide increase to employees equal to rate of inflation
 - Per pupil Foundation allowance has been increased by \$200 or more only three times in last 15 years (\$218 this year, \$210 in 2006-07, and \$200 in 2002-03)
- If cost of MPSERS continue to increase, does School Aid Fund offset increases, or is retirement rate increased?

- **Staff Turnover:**

- The turnover of 30 teachers for the 2018-19 school year reduced total salaries by approximately \$500,000.
- Current retirement incentive payments will be completed in 2020-21, providing a reduction in expense for 2021-22 of \$210,000.



Future Year Budget Forecast



Future Year Budget Assumptions

	2018-19 Amended	2019-2020	2020-2021
Revenues:			
Foundation Allowance	\$8,064	\$8,214	\$8,314
Foundation Allowance increase		\$150	\$100
Student Enrollment	2,891	2,875	2,860
Enhancement Millage per student	\$225	\$230	\$235
EGRNow/Forever!	\$239,709	\$150,000	\$200,000
Expenses:			
Salaries:	2.0% base + step	Step increase	1% overall
Additional Staffing:	1.0 (K), 0.6 MS, 0.5 Psych	No change	(1.0) HS
Health Care (% increase)	3.4%	1.9%	2.5%
State Retirement	26.18%	26.18%	26.18%
Utilities (% increase)	5%	5%	5%



Future Years Financial Forecast

	2018-2019 Amended Budget	2019-2020 Forecast	2020-2021 Forecast
Revenues	\$30,795,708	\$31,078,092	\$31,348,503
Expenses	<u>\$30,784,486</u>	<u>\$31,189,772</u>	<u>\$31,471,380</u>
Change in Fund Reserve	\$11,222	(\$111,680)	(\$122,877)
Beginning Unreserved Fund Reserve	\$2,796,190	\$2,820,803	\$2,695,732
Ending Unreserved Fund Reserve	\$2,807,412	\$2,695,732	\$2,572,855
Ending Fund Reserve %	9.1%	8.6%	8.2%



Future Forecast Highlights

Year over Year change	2019-2020	2020-2021
Revenues:		
Foundation Allowance increase	\$431,250	\$286,000
Student Enrollment	(\$130,000)	(\$123,000)
EGRNow/Forever:	(\$90,000)	\$50,000
Act 18	\$25,000	\$25,000
Enhancement Millage	\$11,000	\$11,000
Section 147 (School Aid Support of MPSERS)	<u>\$50,000</u>	<u>\$13,000</u>
Total	\$282,384	\$270,411
Expenses:		
Salaries	\$285,000	\$159,000
Retirement/FICA	\$135,000	\$73,000
Health Care	\$75,000	\$77,500
Retirement Incentive Payments	<u>(\$58,000)</u>	<u>\$0</u>
Total	\$405,286	\$281,608



Summary

- **Structurally Balanced Budget for 2018-2019**
 - Includes largest compensation increase for staff in 9 years
- **2018-2019 would be fourth consecutive year of a structurally balanced budget**
 - Fund reserve increased from dangerous 5.7% level to 9.2%, but work remains to get to 10% goal.
- **Large turnover in staff has reduced personnel costs for future**
- **Student enrollment continues to decline, but hopefully at a slower rate than previously expected**
- **School Aid Fund projections for continued growth**
 - How much of the growth is invested in K-12 funding?
 - Projection assumes continued economic expansion. Slowdown in economy would change projections significantly.
- **MPSERS:**
 - Legislators & Office of Retirement Services making multiple changes to solidify funding ratios and health of system
 - How will the changes impact either state funding or district retirement expenses?
- **State Budget:**
 - Impact of road funding legislation ramps up in 2019-20
 - Impact of tax credits, reductions & eliminations on future year state budgets
 - Shifting of appropriations between state General Fund and School Aid Fund



Discussion / Questions