



2016-2017 Amended Budget

East Grand Rapids Public Schools



Discussion Topics



2015-2016 Final Actual Results & Variances



Proposed 2016-2017 General Fund Budget Amendment

- Review of June adoption, summary of changes since June



Analysis of Future Years Budget Assumptions

- State Aid, Enrollment, Salaries, Health, Retirement & Others



Budget Forecast for 2017-2018 & 2018-2019



Financial Trends/Ratios



Areas of Importance in next few years



Discussion/Questions



2015-2016 Final Actual Results

	2015-2016 Final Budget	2015-2016 Actual Results	Variance F/(U)
Revenues	\$29,223,451	\$29,352,069	\$128,613
Expenses	<u>\$28,869,588</u>	<u>\$28,615,439</u>	<u>\$254,154</u>
Change in Fund Reserve	\$353,863	\$736,630	\$382,767
Beginning Unreserved Fund Reserve	\$1,692,479	\$1,692,479	
Ending Unreserved Fund Reserve	\$2,046,342	\$2,429,109	
Ending Fund Reserve %	7.1%	8.5%	



2015-2016 Budget to Actual Variances

- **Revenues (\$128,613 greater than budget):**

- Athletic Gate Receipts \$20,000
- TRIG Grant \$23,000
- Section 95 Educator Evaluation \$26,000
- Title I \$38,000
- Medicaid (KISD) \$20,000

- **Expenses (\$254,154 less than budget):**

- Salaries \$119,689
- Substitute Teachers (\$56,198)
- Dental \$65,169
- Retirement \$98,500
- FICA \$83,000
- Electric (\$50,000)



June 2016 Adopted Budget

2016-2017 Original Budget	
Revenues	\$29,123,816
Expenses	<u>\$29,074,009</u>
Change in Fund Reserve	\$49,807
Beginning Unreserved Fund Reserve	\$2,429,109
Ending Unreserved Fund Reserve	\$2,478,916
Ending Fund Reserve %	8.5%



Amended Budget – Change in Revenues

- **\$38,865 Overall Decrease from June**
 - **Act 18** (\$44,600)
 - **Early Childhood** (\$20,000)
 - **Title I** \$33,400
 - **Others** (\$7,665)
- (\$38,865)**



Amended Budget – Change in Expenses

- **\$81,742 Overall Increase from June**

• Added Kindergarten Section	\$85,000
• 0.3 FTE Increase to ELL	\$28,000
• Transportation	(\$20,000)
• Dental	(\$15,000)
• Others	<u>\$3,742</u>
	\$81,742



2016-2017 Amended Budget

	2016-2017 Original Budget	2016-2017 Amended Budget	Variance F/(U)
Revenues	\$29,123,816	\$29,084,951	(\$38,865)
Expenses	<u>\$29,074,009</u>	<u>\$29,155,751</u>	<u>(\$81,742)</u>
Change in Fund Reserve	\$49,807	(\$70,800)	(\$120,607)
Beginning Unreserved Fund Reserve	\$2,429,109	\$2,429,109	
Ending Unreserved Fund Reserve	\$2,478,916	\$2,358,310	
Ending Fund Reserve %	8.5%	8.1%	



Future Year Budget Assumptions



Budget Assumptions - Revenues

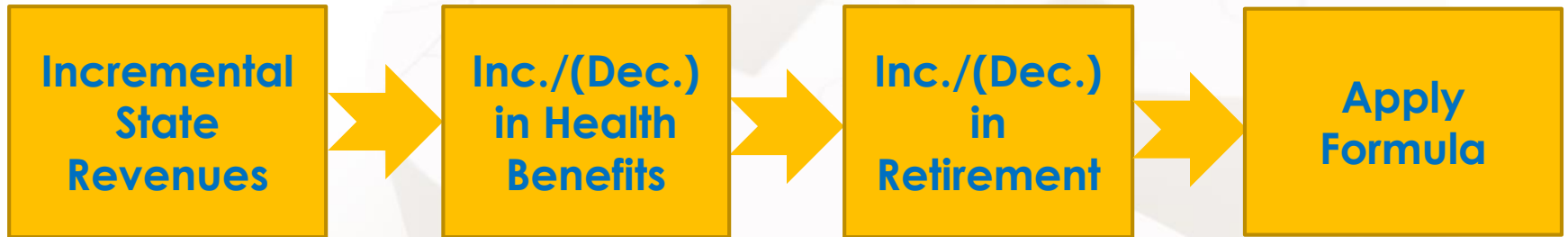


Fiscal Year	2016-2017	2017-2018	2018-2019
State Foundation Allowance/pupil	\$7,737	\$7,812	\$7,912
Change in Foundation Allowance		\$75	\$100
Student Enrollment	2,946	2,925	2,890
EGRNow!	\$406,000	\$250,000	\$250,000

* Foundation Allowance assumption for 2017-2018 and 2018-2019 are based on May 2016 Revenue Estimating Conference projections. To date, School Aid Fund tax collections are in line with the May estimates.



Budget Assumption – Salaries



	Baseline	2016-2017	2017-2018	2018-2019
Student FTEs	2,940	2,946	2,925	2,890
Total State Funding/pupil	\$7,718	\$7,826	\$7,901	\$8,001
Total Health Care	\$2,210,058	\$2,263,440	\$2,335,665	\$2,392,187
MPSERS Rate	25.78%	24.94%	24.94%	24.94%
Incremental State Rev		\$361,827	\$414,195	\$426,660
(Inc.)/Dec in Health Care		(\$53,382)	(\$125,607)	(\$182,128)
(Inc.)/Dec in Retirement		\$91,757	\$91,757	\$91,757
Net Available Revenues		\$400,202	\$380,346	\$336,289
Inc.(Dec.) in Compensation		1% base scale	Status	Status



Budget Assumption – Health Care



	2016-2017	2017-2018	2018-2019
Annual Family Premium & ACA Taxes	\$19,206	\$21,511	\$23,232
Family State Cap	\$16,751	\$17,304	\$17,737
Family Deductible	\$2,600	\$2,600	\$2,600
Employee Premium Contribution	\$2,455	\$4,207	\$5,495
Projected Increase in Premium		12%	8%
Projected Increase in State Cap		3.3%	2.5%
Increase in District Cost per emp.		\$553	\$433
Increase in Employee Cost		\$1,752	\$1,288
Total Employee Cost (MESSA)	\$5,055	\$6,807	\$8,095
Total Increase in District Cost		\$95,000	\$75,000

* The state cap for health insurance has been set at a 3.3% increase for 2017. District is projecting a 2.5% increase for 2018.



Other Forecast Assumptions

- **Retirement**
 - Maintained at 24.94% for 2017-2018 and 2018-2019
- **Staffing – Additions for 2017-2018**
 - One additional teacher at high school
 - Long-term subs in elementary art & music filled with full-time hire
 - Part-time Secretary to Director of Special Education
- **EGRNow!**
 - 2016-2017 grant of \$406,000 provides funding for:
 - Elementary Specials
 - K-1 Classroom Paraeducators
 - Management of Performing Arts Center
 - 2017-2018 & 2018-2019 revenue projection: \$250,000
 - Elementary specials budgeted to be funded by \$250,000
 - **K-1 classroom paraeducators and management of Performing Arts Center are not budgeted in 2017-2018 and 2018-2019 forecasts**



Future Years Financial Forecast

	2016-2017 Amended Budget	2017-2018 Forecast	2018-2019 Forecast
Revenues	\$29,084,951	\$28,986,653	\$29,022,186
Expenses	<u>\$29,155,751</u>	<u>\$29,302,771</u>	<u>\$29,408,595</u>
Change in Fund Reserve	(\$70,800)	(\$316,118)	(\$386,410)
Beginning Unreserved Fund Reserve	\$2,429,109	\$2,358,310	\$2,042,191
Ending Unreserved Fund Reserve	\$2,358,310	\$2,042,191	\$1,655,782
Ending Fund Reserve %	8.1%	7.0%	5.6%



2016-2017 to Future Forecast(s)

- **2016-2017 to 2017-2018**


- Projected Deficit from \$70,800 to \$316,118 (\$245,318 increase)
- Health Care (3.3% increase): \$95,000
- Additional Teacher at High School: \$85,000
- Elem Art & Music Long-term Subs to District Staff: \$62,000
- Part-time Secretary to Director of Special Ed: \$33,000

- **2017-2018 to 2018-2019**

- Projected Deficit from \$316,118 to \$386,410 (\$70,292 increase)
- Health Care (2.5% projected increase): \$75,000

- **Not in Budget Forecast for Future Years**

- Potential savings from any staff retirements/separations
- Potential attrition of staff due to reduced student enrollment



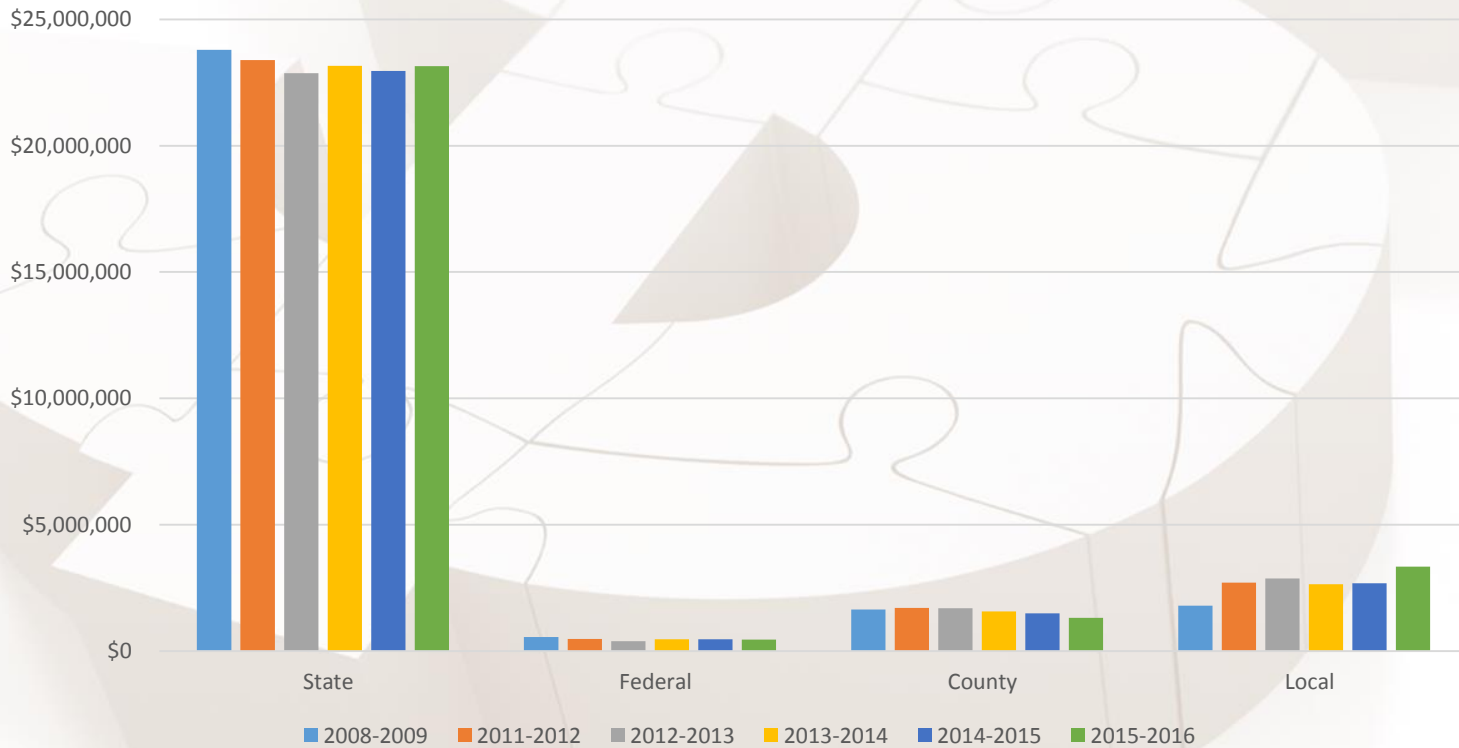
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2014-2015 vs. 2008-2009

	2014-2015 State Ranking	2013-2014 State Ranking	2008-2009 State Ranking	2014-2015 County Ranking	2013-2014 County Ranking	2008-2009 County Ranking
Number of Districts	841	829	775	20	20	20
All Sources of Revenue	304 th	288 th	237 th	13 th	13 th	11 th
Basic Programs (General Ed)	58 th	60 th	115 th	1 st	1 st	2 nd
Added Needs (Spec Ed/Title)	735 th	735 th	662 nd	20 th	20 th	20 th
Instructional Support	203 rd	180 th	81 st	7 th	5 th	2 nd
Business & Administration	498 th	523 rd	414 th	6 th	6 th	3 rd
Operations & Maintenance	675 th	638 th	254 th	14 th	14 th	4 th
Total General Fund	242 nd	241 st	262 nd	11 th	11 th	9 th
Instructional Salaries/Benefits	81 st	95 th	222 nd	3 rd	3 rd	9 th
Average Teacher Salary	42 nd	45 th	75 th	3 rd	2 nd	4 th

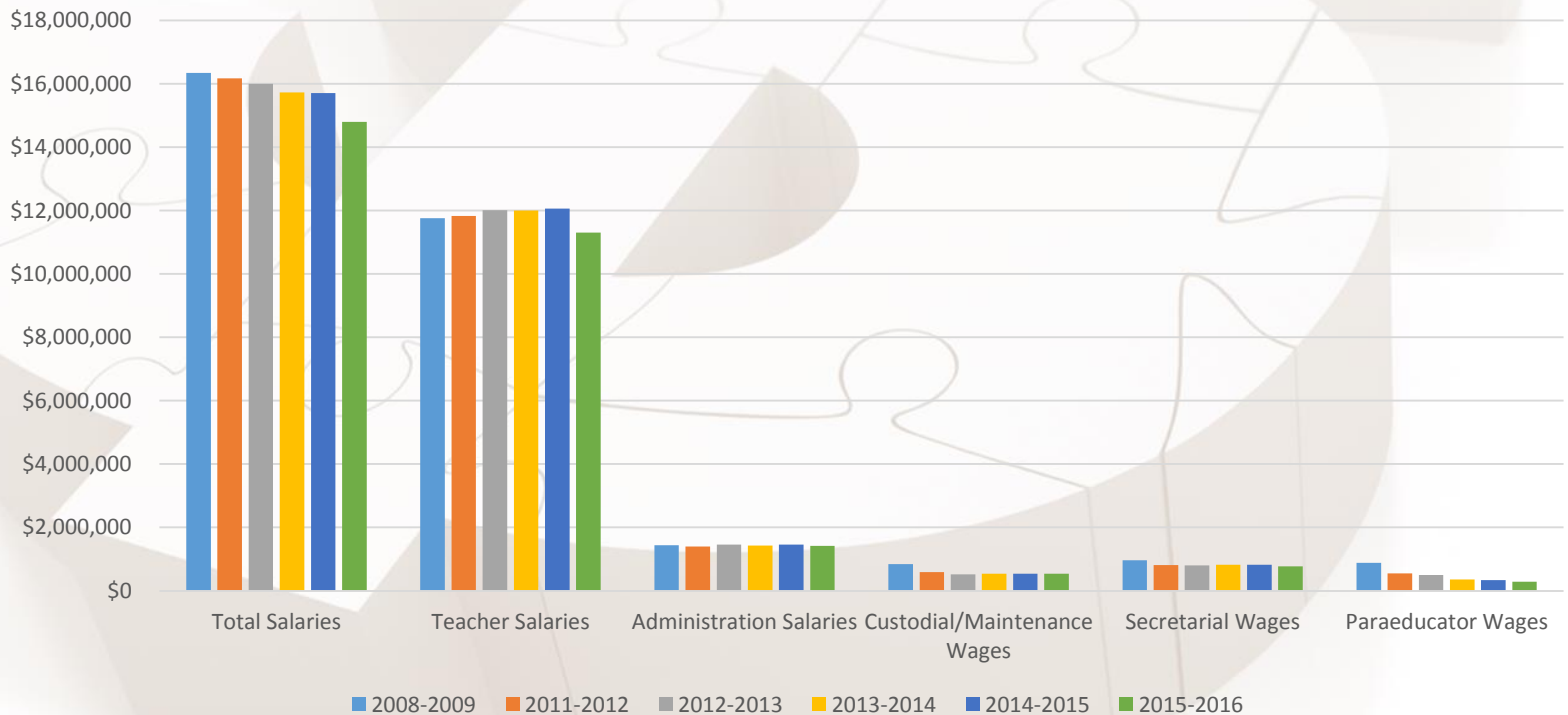
District Revenue Trends

Fiscal Year:	<u>2008-2009</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>
Revenues						
State	\$23,787,789	\$23,392,359	\$22,870,221	\$23,162,411	\$22,958,764	\$23,152,001
Federal	\$555,866	\$477,873	\$390,615	\$466,879	\$465,668	\$453,482
County	\$1,650,489	\$1,715,652	\$1,697,842	\$1,576,202	\$1,488,811	\$1,313,020
Local	\$1,799,387	\$2,712,514	\$2,878,214	\$2,640,877	\$2,688,794	\$3,344,292

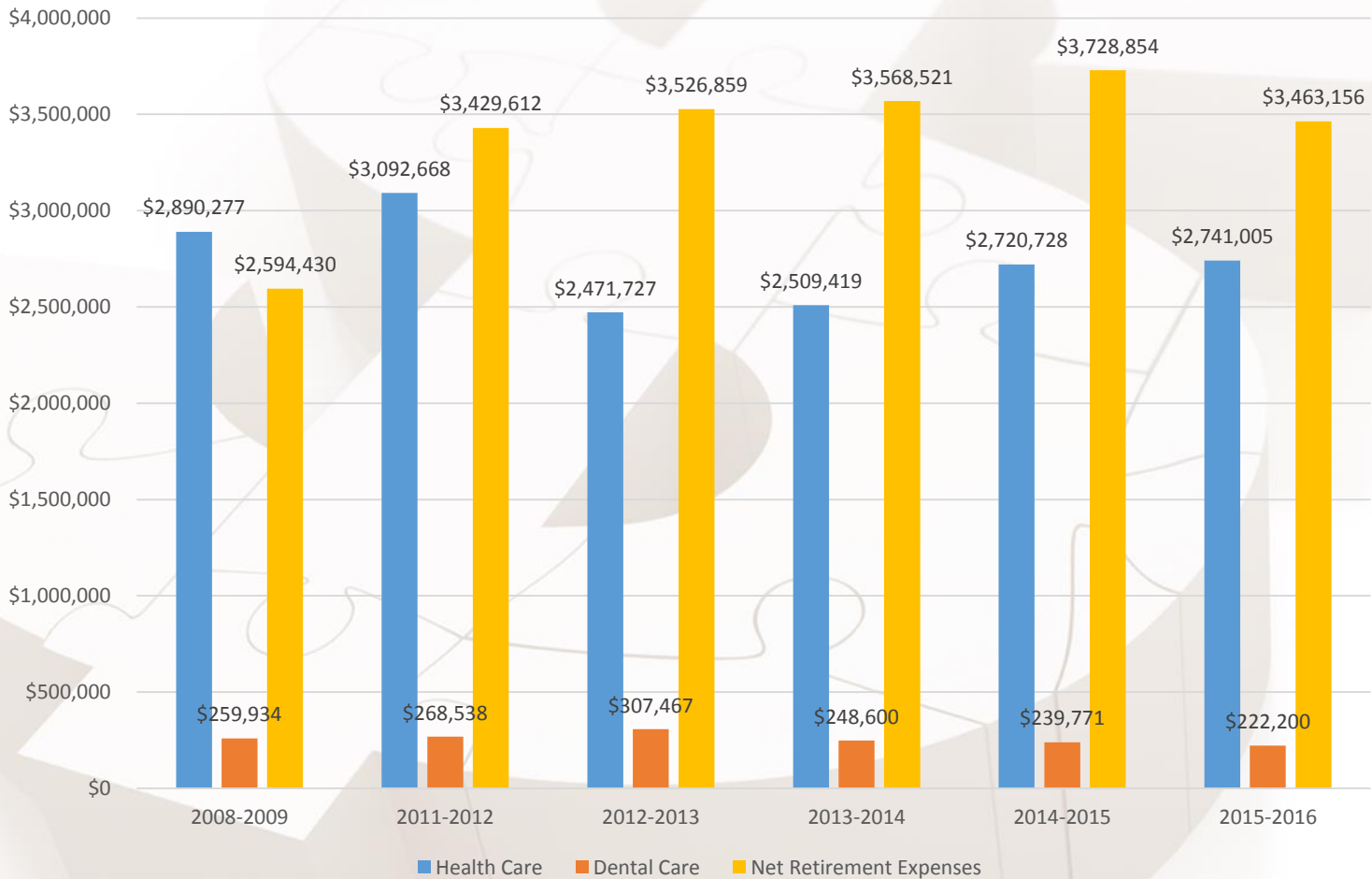


District Expense Trends - Salaries

Fiscal Year:	<u>2008-2009</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>
Total Salaries	\$16,345,075	\$16,166,824	\$15,995,932	\$15,727,650	\$15,701,280	\$14,799,223
Teacher Salaries	\$11,756,452	\$11,825,788	\$12,010,497	\$11,995,292	\$12,059,275	\$11,303,979
Administration Salaries	\$1,437,117	\$1,395,218	\$1,455,163	\$1,430,018	\$1,456,199	\$1,414,156
Custodial/Maintenance Wages	\$844,998	\$590,525	\$524,046	\$542,862	\$541,967	\$542,902
Secretarial Wages	\$961,683	\$817,446	\$802,260	\$818,241	\$818,398	\$770,346
Paraeducator Wages	\$884,646	\$549,110	\$503,415	\$359,245	\$337,257	\$283,673



District Expense Trends - Benefits





District Expense Trends - Utilities





Areas of Importance – Future Years

- **State Economy/State Funding**
 - Compensation formula provides budget stability, but continued state growth is best for student programs, employees, taxable values (county/local revenues)
- **Declining Enrollment**
 - Toughest budget variable to manage, as possible reduction in costs are not a straight line correlation with loss of state revenue from fewer students
- **Cost of Employee Benefits**
 - Impact of employee health care cost sharing relative to projected salaries/wages
 - MPSERS – Cost impact on district, School Aid Fund
- **Non-personnel Efficiencies**
 - Outsourced maintenance costs – can we reduce?
 - Utility costs – specifically growth in electricity costs



2017-2018 Budget Development Process

- January** State Revenue Estimating Conference
- February** Governor's 2017-2018 Proposed Budget
- March** Budget Update with Board of Education
- May** Present Recommendations for 2017-2018 Budget to Board of Education
- June** Budget Hearing and Adoption of Budget



Summary

- **Significant Improvement in Fund Reserve**
 - Added to fund reserve in 2015-2016 without the sale of cell tower leases
- **2016-2017 Budget Close to Structurally Balanced**
 - Hopefully end of year will bring enough positive variances to allow for no use of fund reserves
- **Maintaining Structural Balance**
 - Each fiscal year needs to be structurally balanced to maintain fund reserves and avoid the slippery slope of fund reserve use
 - Continue to dig for more efficiencies as we strive to offer the maximum amount of student programs and services possible
- **Challenges in Future Years**
 - Preparing for eventual slowdown in Michigan economy
 - Declining enrollment
 - Attracting & retaining talented employees in current environment



Discussion / Questions