

Budget Hearing for **2020-2021** General Fund Budget

June 15, 2020

Budget Presentation

- **2019-20 Final Proposed Budget Amendment**
- **Proposed Initial 2020-21 General Fund Budget**
 - Major Budget Assumptions
 - Recommended Budget Reductions
 - Budget Summary and Fund Balance Projections
 - Timeline for Budget Revisions
- **Additional 2020-21 Proposed Budgets:**
 - Athletic Fund
 - Food Service Fund
 - Sinking Fund
 - Debt Retirement Fund
 - Recreation Fund
 - Fiduciary Fund
- **Additional Information and Historical Trends**
- **Summary and Questions**

2019-2020 Final Amendment Assumptions

- **Final Amendment to Audited Actual**
 - Fiscal Year Ends June 30th - Accounting continues through August
- Assumes **no proration** of state aid for **2019-2020**
 - Financials reflect **a full foundation allowance \$8281** of per student
 - Promised categorical funds funded in full
 - This assumption carries the risk of a significant negative variance
 - The risk of a proration has not dissipated; rather, the budget reflects **current enacted law** and does not attempt to predict the political solution to the COVID-19 funding crisis
 - **Operationally, the Board cannot prevent this nor take any responsive action to reduce costs**
- **CARES Act** fully integrated into final numbers
 - **Net to EGR \$47,313**
 - Allocated funds supported elementary instruction
 - No carry over to 2020-21
 - Effectively reduced our utilization of fund balance by the same amount

Proposed Final Amendment - 2019-2020

Significant Changes

January Amend. to Final Amend.:

Revenue:

WECC \$(268k)

Athletics \$(78k)

Rentals \$(20k)

CARES Act \$47k

Special Education \$54K

33 Accounts with Adjustments

Expenses:

Personnel Costs - As expected

Substitute costs \$(33k)

Grounds Maintenance \$63k

Special Transportation &

Tuition \$77k

Utilities Savings \$(90k)**

Building Maintenance \$75k

Woodcliff Custodial \$33k

315 Accounts with Adjustments

| | Amended | Final | Change |
|---|--------------|--------------|------------|
| Revenues | \$31,625,293 | \$31,414,857 | -\$210,436 |
| Expenses | \$31,606,154 | \$31,621,821 | \$15,667 |
| Chg. in Fund Reserve | \$19,139 | -\$206,964 | -\$226,103 |
| Ending Fund Reserve | \$3,007,125 | \$2,781,022 | |
| Fund Reserve* % | 9.51% | 8.79% | |
| *Percentage of Current Year Expenses | | | |

** Savings shared with the Recreation Fund

2019-20 Proration Scenarios

Until the state resolves the projected shortfalls in the **School Aid Fund**, proration remains an ongoing risk to East Grand Rapids:

| | |
|---|--|
| <i>(in millions)</i> | 2019-20 |
| Jan. '20 state revenue estimate <i>pre-COVID-19 pandemic</i> | \$13,925.5 |
| May '20 state revenue estimate <i>COVID-19 pandemic and beyond</i> | \$12,676.7 |
| Projected Loss in Revenue | \$1,248.8 <i>(\$855/student)</i> |

| | Per Pupil Proration Examples | | | | |
|-----------------------------|------------------------------|--------------|--------------|--------------|--------------|
| | Final Proposed | -\$100 | -\$300 | -\$500 | -\$750 |
| Revenues | \$31,414,857 | \$31,126,157 | \$30,548,757 | \$29,971,357 | \$29,249,607 |
| Expenses | \$31,621,821 | \$31,621,821 | \$31,621,821 | \$31,621,821 | \$31,621,821 |
| Chg. in Fund Reserve | -\$206,964 | -\$495,664 | -\$1,073,064 | -\$1,650,464 | -\$2,372,214 |
| Ending Fund Reserve | \$2,781,022 | \$2,492,322 | \$1,914,922 | \$1,337,522 | \$615,772 |
| Fund Reserve* % | 8.79% | 7.88% | 6.06% | 4.23% | 1.95% |

2020-21 School Aid Fund Projections

| <i>(in millions)</i> | 2020-21 | 2021-22 |
|--|---|---|
| Jan. '20 state revenue estimate <i>pre-COVID-19 pandemic</i> | \$14,317.5 | \$14,640.1 |
| May '20 state revenue estimate <i>COVID-19 pandemic and beyond</i> | \$13,180.4 | \$13,920.4 |
| <i>May Revenue Conference Projected Loss in Revenue</i> | <i>\$1,137.1 (\$783/student)</i> | <i>\$719.7 (\$498/student)</i> |
| <i>Per Pupil Revenue Shortfall Relative to Existing SAF Costs</i> | <i>\$663</i> | <i>\$231</i> |

2020-21 Budget Assumptions - Revenues

Foundation Allowance

- Assumes **\$650** per pupil reduction in the foundation allowance
- Overall, loss of **\$1,876,550** in state aid

Enrollment

- Assumes enrollment of **2851**
 - Down **36** students from 2019-20
- Results in additional loss of state aid totaling **\$274,716**

Categorical Funding

- Assumes consistent allocations relative to 2019-20 levels

Retirement Offsets

- Assumes continued funding and no changes to retirement plans / plan assumptions
- **147 a1 & a2** - Assumes governor's proposal realigns to actual payroll vs. percentage of state payroll (**\$35k** reduction)
- **147 c** - Assumes existing law related to unfunded accrued liabilities above the statutory rate cap of 20.96%, pursuant to Section 41 of the MPERS Act, is maintained. **Increases revenues by \$336k (expenses exactly track revenues).**

2020-21 Budget Assumptions - Revenues cont.

Local and County Millages

- **4.58%** increase in property values
- Headlee Amendment limits increases to rate of inflation
- **Enhancement Millage and Act 18 Special Education Funds - 1.9% increase**

Preschool / Childcare

- Revenues estimated at **80%** of 2018-19 levels. Programs budgeted at **break-even**.

East Grand Rapids Schools Foundation - Program Support

- 2018-2019 Funded **\$150k** in vital programs
- **Foundation Board has authorized \$330k in program support**
- **One EAST** fundraising has **not** been factored into the budget at this time

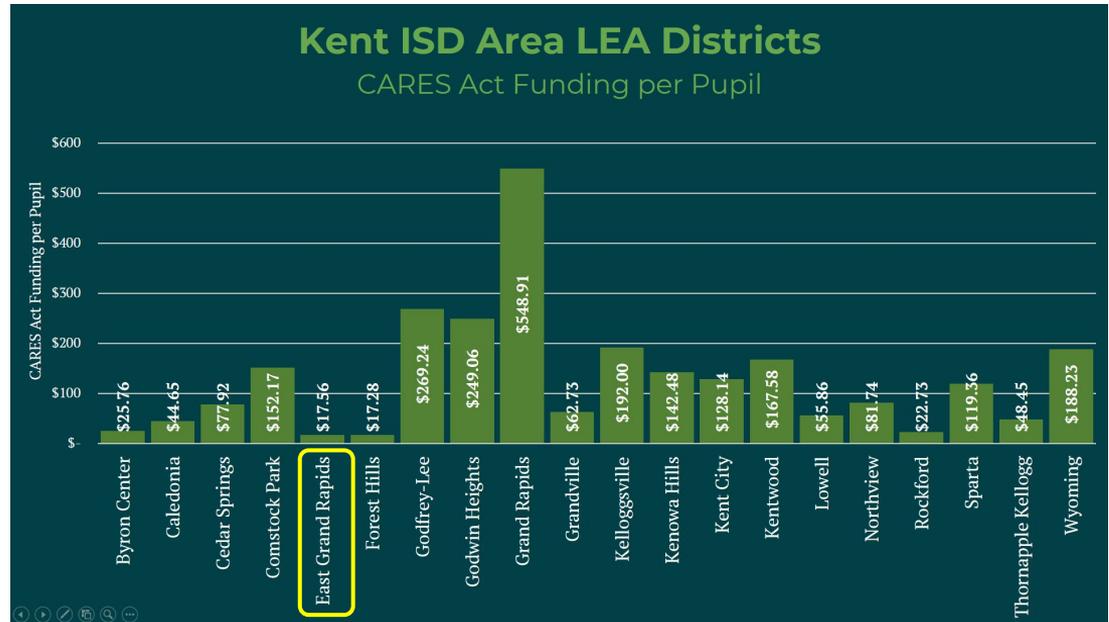
Federal Special Education (IDEA), Title I, Title II, Title IV

- Expect minor declines year over year in funding (**\$23K**)
- Overall budget consistent with historical levels
- All combined, less than **\$400,000** annually

2020-21 Budget Assumptions - Revenues cont.

Additional Federal Stimulus related to COVID-19

- **No federal stimulus is budgeted at this time**
- Indications suggest **August** is the earliest any action might occur
- Small risk exists that **no** additional federal stimulus will be allocated whatsoever
- If additional stimulus is authorized, but allocated along the Title I formula, EGR will receive little support.



2020-21 Budget Assumptions - Expenses

Wages & Salaries

Assumptions used only to present an initial budget

- Actual costs could be **higher** or **lower**
- Subject to collective bargaining - requires agreements with EGREA and EGRASE
- Cost of current projections factor in a hard freeze (no step, no salary scale change)

Health, Dental, and Other Employee Insurance & Benefits

Assumptions used only to present an initial budget

- Actual costs could be **higher** or **lower**
- Subject to collective bargaining - requires agreement with EGREA and EGRASE
- Assumes no change in benefit levels or structures
- Assumes current mix of plans remains consistent (single, 2-person, family, Wage-in-Lieu, etc).
- Assumes **3.3%** increase in health insurance for EGREA and EGRASE
- Assumes **1.9%** increase in health insurance for all other employees
- Dental costs forecasted up **5% due to pent-up demand**

Retirement Rate Increase

- Employer share **increasing an average of 0.71%**
- Total increase of **\$110k**

2020-21 Budget Assumptions - Expenses cont.

Retirement Offsets

- 147 c allocation - expenses increase by **\$336k** directly offsetting revenues

Utilities

- 5% increase in overall costs
- COVID-19 related: Double fresh air exchanges - HVAC systems will be less efficient

Special Education Transportation and Tuition costs

- Transportation and tuition costs directly correlate to students enrolled in center-based programs. Cost increases from 2019-20 carried forward in 2020-21.

Cash Flow / Interest Costs

- A decreasing fund balance increases borrowing needs
- Reductions in state aid combined with deficit spending creates cash flow issues
- Potential for higher property tax delinquencies
 - Non-homestead
 - Enhancement millage
 - Act 18 Special Education funding
 - Recreation millage

2020-21 Budget Assumptions - Expenses cont.

2019-2020 Cash Flow Borrowing

- \$1.25 million in August 2019
- \$1.25 million in June 2020

2020-2021 Cash Flow Borrowing

- Conservative assumptions to prevent excess borrowing costs
- Depending on key variables, potential need for additional borrowing in April - June 2021
- Initial **\$3.5 million** for 2020-2021

Cost of Borrowing = \$26,500

Expected Interest Costs = \$82,500



2020-21 Budget Assumptions - Summary

Per Pupil Summary Based on Enrollment of 2851 Students

| Revenues Losses | | | |
|--------------------------------|---------------------|------------------------------------|-----------------------|
| Foundation Allowance Reduction | Enrollment Decrease | Preschool & Childcare - No Surplus | Lost Athletic Revenue |
| \$650 per pupil | \$96 per pupil | \$70 per pupil | \$19 per pupil |

\$835 per pupil

| Expense Increases | | | | |
|-------------------|-----------------------|----------------|----------------|--------------------|
| Retirement Costs | Health / Dental Costs | Interest Costs | Utility Costs | Misc / Contingency |
| \$51 per pupil | \$42 per pupil | \$23 per pupil | \$18 per pupil | \$31 per pupil |

\$165 per pupil

Overall Per Pupil Shortfall \$1,000

2020-21 Budget Assumptions - Reductions

Reduced Programming/Staffing

- Reductions in programming and realignment of staff through attrition will reduce teaching staff by **8.1** FTEs
- Administrative and administrative support staff by **2.0** FTEs
- Support staff reductions will reduce **20** part time employees and **2-3** full time employees
- **Subject to Board of Education approval**

Operational risk whenever restructuring occurs. Can the plan be executed successfully and the projected savings achieved?

Non-Instructional Reductions

| | <u>Savings</u> |
|---|------------------|
| <u>Building Budgets - 20% Reduction</u> | \$82,000 |
| -Supplies | |
| -Discretionary Activities | |
| <u>Athletic Department Budget</u> | \$60,000 |
| -Discontinue Barwis Program | |
| -Reduce Equipment & Supply budget | |
| -Eliminate district funding for Saturday transportation | |
| | \$142,000 |

Administrative Reductions

Savings

Director of Technology and Assessment

\$55,000 (2020-21), \$150,000 (2021-22)

-Eliminate position on June 30, 2020

-Restructured to assume PAC Manager responsibilities for 2020-21

Assistant to the Assistant Superintendent of Instruction \$55,000

Total Savings: \$110,000 (\$205,000 in 2021-22)

Instructional Reductions - Elementary

Restructure Elementary Specials **\$285,000**

- Spanish 80 mins to 55 mins per week (part of specials day)
- Music every other week (vs. weekly)
- PE every other week (vs. weekly)

Elementary Section Reduction/Class Size Increase **\$190,000**

- Breton 1st grade (4 sections to 3)
- Breton 2nd grade (4 sections to 3)

Eliminate K-1 Paraeducators **\$142,000**

Literacy Coach Reduced .8 FTE **\$76,000**

- Remaining .2 FTE required by law

Total Savings: \$693,000

Instructional Reductions - Secondary

3.0 MS/HS General Education Teachers \$170,000

Align Special Education caseloads to student population \$95,000

HS/MS instrumental music classes \$38,000

-Combine 1 HS section

-No longer co-teach 1 MS section

Total Savings: \$303,000

Summary of Recommended Reductions

| <u>Operational Area</u> | <u>Amount</u> |
|-------------------------|---------------|
|-------------------------|---------------|

| | |
|---------------------------|-----------|
| Non-Instructional Budgets | \$142,000 |
|---------------------------|-----------|

| | |
|---|-----------|
| Administration & Administrative Support | \$110,000 |
|---|-----------|

| | |
|------------------------------------|-----------|
| Elementary Instruction and Support | \$693,000 |
|------------------------------------|-----------|

| | |
|-----------------------------------|-----------|
| Secondary Instruction and Support | \$303,000 |
|-----------------------------------|-----------|

| | |
|---------------|--------------------|
| Total: | \$1,248,000 |
|---------------|--------------------|

Prior Budget Reductions

| <u>Year</u> | <u>Annual Amount</u> |
|---------------|----------------------|
| 2009-10 | \$686,400 |
| 2010-11 | \$1,258,500 |
| 2011-12 | \$680,000 |
| 2012-13 | \$452,500 |
| 2013-14 | \$490,000 |
| 2014-15 | \$125,000 |
| 2015-16 | \$638,000 |
| Total: | \$4,330,400 |

Source: Community Budget Guide

Proposed 2020-21 General Fund Budget

Summary of Key Assumptions

Revenue:

\$650 cut per student
\$330k from the Foundation
36 fewer students

No federal stimulus

Expenses:

Approval of all recommended reductions

Increased retirement, health care, dental, utility, and maintenance costs consistent with published increases and historical trends

| | Proposed |
|---|-----------------|
| Revenues | \$29,604,647 |
| Expenses | \$31,285,614 |
| Chg. in Fund Reserve | -\$1,680,967 |
| Ending Fund Reserve | \$1,100,055 |
| Fund Reserve* % | 3.52% |
| *Amount off 2019-20 proposed final budget and percentage off current year expenses | |

2020-21 Expense Allocation Detail

Select Highlights:

- Instruction remains the top priority
- Total Classroom Costs: **68.4%** in 2019-20 vs. **67.9%** in 2020-21
- Facilities and Utilities: **6.9%** in 2019-20 vs. **7.5%** in 2020-21
- Early Childhood fully offset by program revenues
- Co-Curriculars: **3.0%** in 2019-20 vs. **2.7%** in 2020-21
- All Administration: **10.7%** in 2019-20 vs. **10.3%** in 2020-21

| | 2020-21 Proposed | Percentage of Budget |
|--------------------------------|---------------------|----------------------|
| General Education | \$18,491,642 | 59.1% |
| Special Education | \$2,753,325 | 8.8% |
| Total Classroom | \$21,244,967 | 67.9% |
| | | |
| Instructional Support | \$1,362,352 | 4.4% |
| Technology & Support | \$926,043 | 3.0% |
| Building Admin & Support | \$2,098,100 | 6.7% |
| Central Office Admin & Support | \$1,114,158 | 3.6% |
| Business Expenses | \$174,500 | 0.6% |
| Facilities & Utilities | \$2,341,992 | 7.5% |
| Transportation | \$350,500 | 1.1% |
| Early Childhood | \$680,595 | 2.2% |
| Co-Curriculars | \$859,496 | 2.7% |
| Others | \$132,911 | 0.4% |
| Total Expenses | \$31,285,614 | 100% |

2020-21 Federal Stimulus Scenarios

| | | Per Pupil Federal Stimulus Examples | | | | | | |
|-----------------------------|--------------|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Proposed | \$100 | \$200 | \$300 | \$400 | \$500 | \$600 | \$650 |
| Revenues | \$29,604,647 | \$29,889,747 | \$30,174,847 | \$30,459,947 | \$30,745,047 | \$31,030,147 | \$31,315,247 | \$31,457,797 |
| Expenses | \$31,285,614 | \$31,285,614 | \$31,285,614 | \$31,285,614 | \$31,285,614 | \$31,285,614 | \$31,285,614 | \$31,285,614 |
| Chg. in Fund Reserve | -\$1,680,967 | -\$1,395,867 | -\$1,110,767 | -\$825,667 | -\$540,567 | -\$255,467 | \$29,633 | \$172,183 |
| Ending Fund Reserve | \$1,100,055 | \$1,385,155 | \$1,670,255 | \$1,955,355 | \$2,240,455 | \$2,525,555 | \$2,810,655 | \$2,953,205 |
| Fund Reserve* % | 3.52% | 4.43% | 5.34% | 6.25% | 7.16% | 8.07% | 8.98% | 9.44% |

*Amount off 2019-20 proposed final and percentage off current year expenses

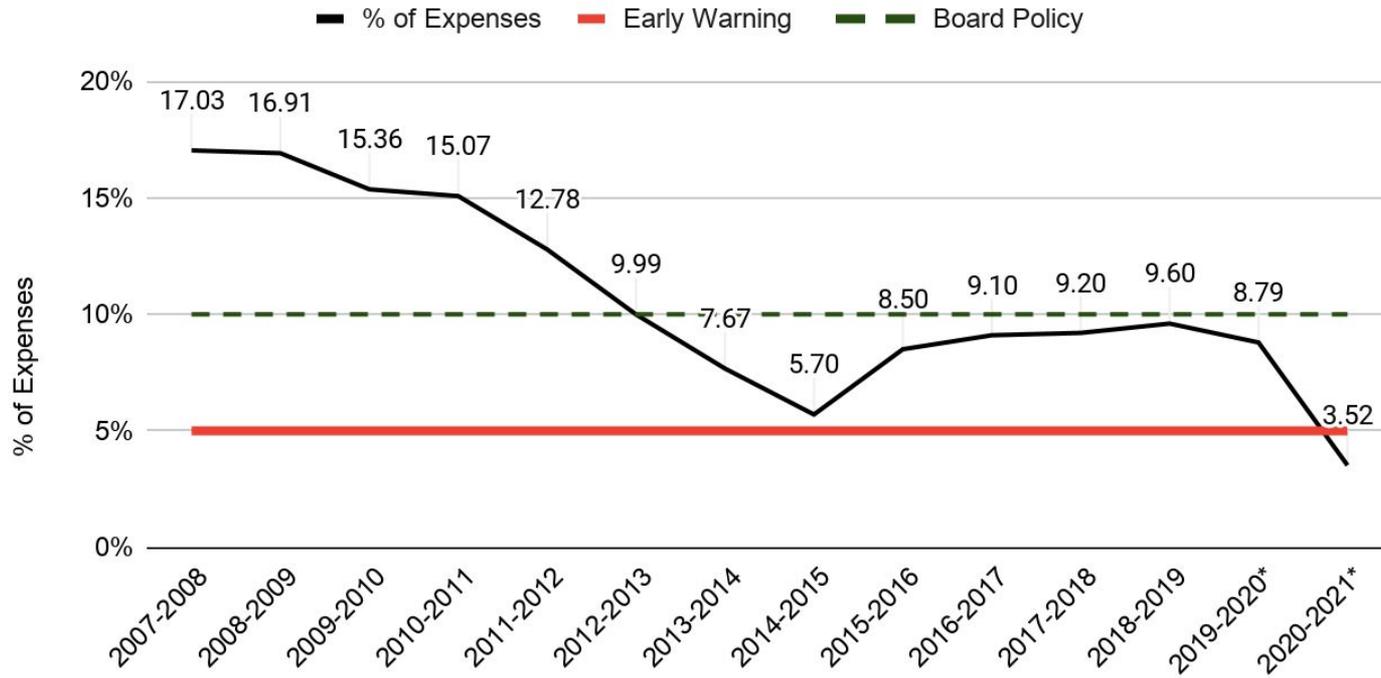
Fund Balance

| School Year | Ending Fund Balance | Change in Fund Balance | % of Expenses |
|-------------|---------------------|-------------------------|---------------|
| 2007-2008 | \$4,659,884 | \$425,289 | 17.03 |
| 2008-2009 | \$4,683,818 | \$23,934 | 16.91 |
| 2009-2010 | \$4,351,535 | -\$332,283 | 15.36 |
| 2010-2011 | \$4,249,086 | -\$102,449 | 15.07 |
| 2011-2012 | \$3,587,979 | -\$661,107 | 12.78 |
| 2012-2013 | \$2,839,156 | -\$748,823 | 9.99 |
| 2013-2014 | \$2,208,690 | -\$630,466 | 7.67 |
| 2014-2015 | \$1,672,479 | -\$928,231 | 5.70 |
| 2015-2016 | \$2,429,109 | \$736,630 [\$253,088]** | 8.50 |
| 2016-2017 | \$2,661,515 | \$232,406 | 9.10 |
| 2017-2018 | \$2,796,190 | \$134,675 | 9.20 |
| 2018-2019 | \$2,987,986 | \$191,796 | 9.60 |
| 2019-2020* | \$2,781,022 | -\$206,964 | 8.79 |
| 2020-2021* | \$1,100,055 | -\$1,680,967 | 3.52 |

*Projected - subject to final audit **\$483,542 from cell tower lease sale

Fund Balance

Fund Balance History



* Projected

Budget Revision Timeline

- Monitor developments in Lansing and Washington D.C. throughout July and early August
- Remain nimble to respond to changes in external variables
 - 2019-2020 State Aid Proration
 - Significant federal stimulus or lack thereof
 - August 2020 Consensus Revenue Estimating Conference
 - One EAST campaign results
- August revision if warranted
- October revision once the School State Aid act is passed and signed into law
- January 2021 per usual timeline
- June 2021 per usual timeline

Additional updates can be scheduled as conditions warrant and considered prudent.

Additional 2020-2021 Proposed Budgets

Athletic Fund Budget

Assumptions:

- All seasons held with spectators
- Student participation levels 90% of historical averages

Revenues:

- 83% of 2018-19 audited amount

Expenses:

- 2019-20 vs 2020-21 increase reflects the assumption that spring sports will be held
- \$60,000 in reductions:
 - Barwis Program elimination
 - Equipment/Supplies
 - No School Funded Saturday Transportation

| | 2019-20 | 2020-21 |
|-----------------------|------------------|------------------|
| Revenue: | Final | Proposed |
| Gate Receipts | \$115,000 | \$93,900 |
| Pay to Participate | <u>\$119,800</u> | <u>\$160,000</u> |
| Total Revenues | \$234,800 | \$253,900 |
| Expenses: | | |
| Athletic Office | \$248,900 | \$254,300 |
| Coaches | \$260,400 | \$285,800 |
| Athletic Trainer | \$83,000 | \$84,400 |
| Event Workers | \$14,900 | \$38,800 |
| Transportation | \$30,000 | \$41,900 |
| Officials | \$22,500 | \$34,900 |
| Supplies/Fees/Travel | \$68,800 | \$63,600 |
| Barwis (Net) | \$22,190 | \$0 |
| Miscellaneous | <u>\$59,310</u> | <u>\$55,800</u> |
| Total Expenses | \$810,000 | \$859,500 |

Food Service Fund Budget

Key Considerations:

- Assumes health officials will allow the operation of a school lunch program
- Financials maintained on GRPS books - 2019-20 final expenses estimated
- Deficit in 2020-21 the result of conservative expectations for food sales
- Further deterioration of the fund balance could necessitate a General Fund transfer (subsidy)
- Analysis of lunch and milk prices - recommendation will be made to the Board in August to increase prices

| | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|--------------------------|-----------|-----------|-----------|-----------|-----------|
| | Actual | Actual | Actual | Final | Proposed |
| Revenues | \$562,261 | \$538,466 | \$547,255 | \$509,339 | \$520,000 |
| Ongoing Expenses | \$512,739 | \$485,500 | \$521,291 | \$535,000 | \$535,000 |
| Capital Expenses | \$0 | \$0 | \$0 | \$19,200 | \$10,000 |
| Surplus/(Deficit) | \$49,522 | \$52,966 | \$25,964 | -\$44,861 | -\$25,000 |
| Fund Balance | \$44,318 | \$97,285 | \$123,249 | \$78,388 | \$53,388 |

Sinking Fund Budget

- .4585 mills
- Subject to Headlee rollback - will only grow at the inflation rate
- Limited to specific uses, primarily building repairs and site improvements
- Cannot be used for operations or technology

| | 2019-20 | 2020-21 | Inc./((Dec.) |
|--|-------------|-------------|--------------|
| Revenues | \$362,000 | \$367,500 | \$5,500 |
| Expenses | | | |
| Building Repairs | \$200,000 | \$220,000 | \$20,000 |
| Parking Lot Repairs | \$0 | \$60,000 | \$60,000 |
| Athletic Turf Fund | \$40,000 | \$40,000 | \$0 |
| Total Expenses | \$240,000 | \$320,000 | \$80,000 |
| Turf Fund Reserve* | \$488,950 | \$528,950 | \$40,000 |
| Uncommitted Reserve | \$511,832 | \$559,332 | \$47,500 |
| Total Fund Reserve | \$1,000,782 | \$1,088,282 | \$87,500 |
| *\$6,050 drawn from Turf Fund for repairs | | | |

| | 2020-2021 | 2021-2022 | 2022-2023 | 2023-2024 | 2024-2025 | 2025-2026* |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Revenues | \$367,500 | \$374,000 | \$381,000 | \$388,000 | \$395,000 | \$402,000 |
| Repairs | \$220,000 | \$220,000 | \$220,000 | \$220,000 | \$220,000 | \$220,000 |
| Athletic Turf | \$40,000 | \$40,000 | \$40,000 | \$40,000 | \$40,000 | \$40,000 |
| Parking Lots | \$60,000 | \$120,000 | \$120,000 | \$120,000 | \$140,000 | \$140,000 |
| Total Expenses | \$320,000 | \$380,000 | \$380,000 | \$380,000 | \$400,000 | \$400,000 |
| Total Ending Fund Reserve | \$1,088,282 | \$1,122,282 | \$1,163,282 | \$1,211,282 | \$1,246,282 | \$1,288,282 |
| Athletic Turf Reserve | \$488,950 | \$528,950 | \$568,950 | \$608,950 | \$648,950 | \$688,950 |
| Uncommitted Fund Reserve | \$599,332 | \$593,332 | \$594,332 | \$602,332 | \$597,332 | \$599,332 |

*Sinking Fund requires reauthorization after 12/31/25

Debt Fund Budget

- 9.95 mills levied
- 2019 Taxable Value = \$766,549,185
- 2020 Taxable Value = \$801,722,851
- Increase of 4.58%
- School Loan Revolving Fund (SLRF):
 - 3-4 years of continued borrowing dependent on taxable value growth
 - Projected to be repaid in 2029 (2 years earlier due to refunding)
- Total Debt Outstanding = \$78,565,000
- Debt fully retired in 2039

| | 2019-20 | 2020-21 | Inc./ (Dec.) |
|-------------------------|--------------------|--------------------|-----------------------|
| Tax Collections | \$7,624,506 | \$7,977,142 | \$352,636 |
| SLRF | <u>\$2,687,037</u> | <u>\$1,451,312</u> | <u>\$ (1,235,726)</u> |
| Total Revenues | \$10,311,544 | \$9,428,454 | \$ (883,090) |
| Expenses | \$10,311,544 | \$9,428,454 | \$ (883,090) |
| Net Change | \$0 | \$0 | |
| End Fund Reserve | \$78,943 | \$78,943 | |

Recreation Fund Budget

- 1.2035 mills
- Subject to Headlee rollback - will only grow at the inflation rate
- Limited to specific uses, including:
 - Playgrounds
 - After-school activities associated with Performing Arts spaces, Gyms, and Fields
 - Utilities & Custodial costs necessary to allow Recreational Activities to occur
- Cannot support core school-day programs

| | 2019-20 | 2020-21 |
|----------------------------|------------------|------------------|
| Revenue: | Final | Proposed |
| Recreation Millage | \$930,900 | \$948,500 |
| Expenses: | | |
| PAC Management | \$31,000 | \$31,000 |
| Custodial | \$540,000 | \$545,000 |
| Grounds Maintenance | \$91,190 | \$107,500 |
| Utilities | \$217,000 | \$245,000 |
| HS Pool Supplies | \$30,000 | \$20,000 |
| Total Expenses | \$909,190 | \$948,500 |

Fiduciary Fund Budget

- New fund in 2019-2020
- Required as part of GASB84
- Replaced the “Trust & Agency Fund” which deposited and withdrew funds from same account and rolled over end of year balances
- Fiduciary Fund requires Revenue and Expense account for each “internal account,” as well as a fund balance
- Budget for this fund is required to be approved by the Board

| | 2019-20 Final | 2020-21 Proposed |
|--------------------------|------------------|---------------------|
| Revenues | \$491,539 | \$465,000 |
| Expenses | \$463,157 | \$465,000 |
| Net Change | \$28,382 | \$0 |
| | | |
| Beginning Reserve | \$391,608 | \$419,990 |
| End Fund Reserve | \$419,990 | \$419,990 |

Additional Information and Historical Trends

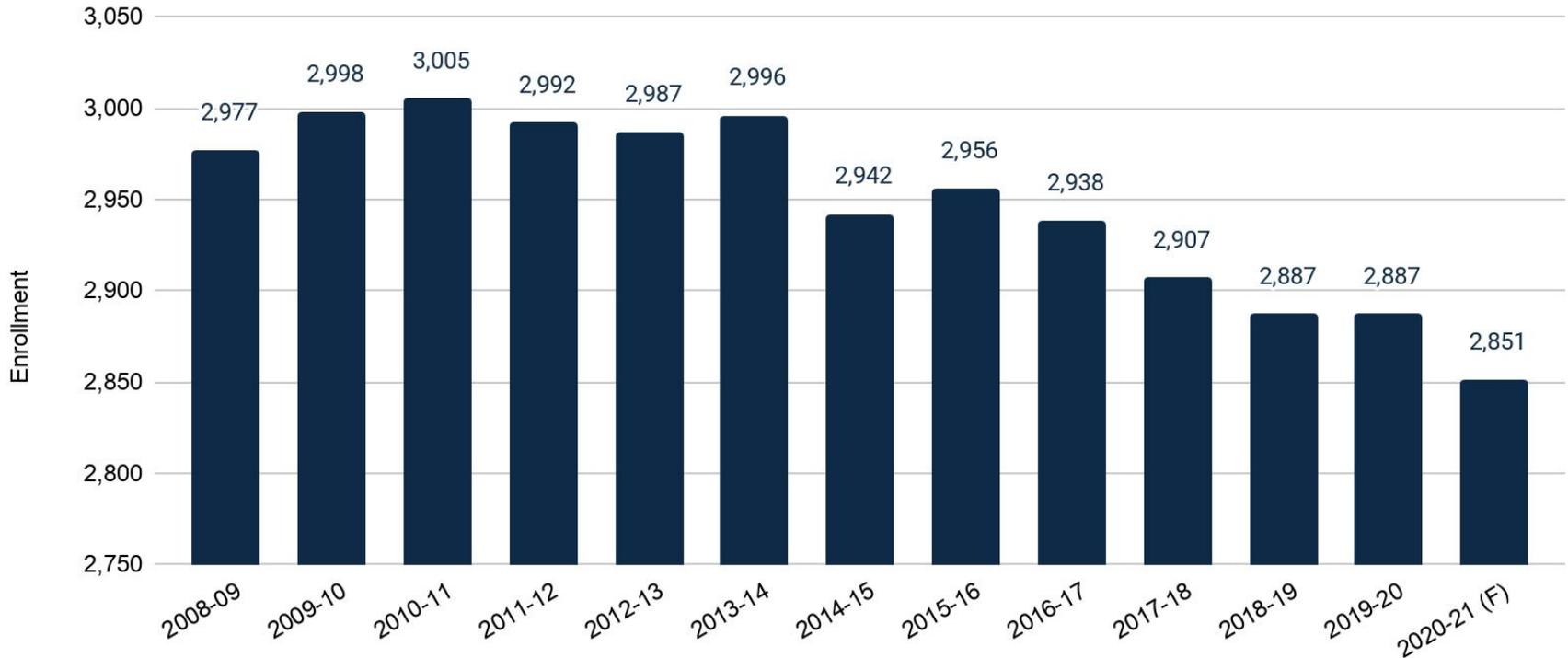
Preschool & Childcare Performance History

- Budget reflects uncertainty to future operations
- Potential for positive variance if costs do not significantly increase
- Longer-term capital needs might require separating into a stand alone fund

| | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | Final Amendment | Proposed |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------|-----------|
| Total Revenues | \$510,547 | \$655,523 | \$637,299 | \$631,577 | \$703,621 | \$774,379 | \$734,092 | \$889,105 | \$835,095 | \$567,479 | \$680,595 |
| Total Expenditures | \$453,476 | \$565,727 | \$671,034 | \$647,962 | \$666,820 | \$607,075 | \$607,460 | \$627,078 | \$617,785 | \$642,554 | \$680,595 |
| Excess Revenue (Expenditure) | \$57,071 | \$89,796 | -\$33,735 | -\$16,385 | \$36,802 | \$167,304 | \$126,632 | \$262,027 | \$217,310 | -\$75,075 | \$0 |

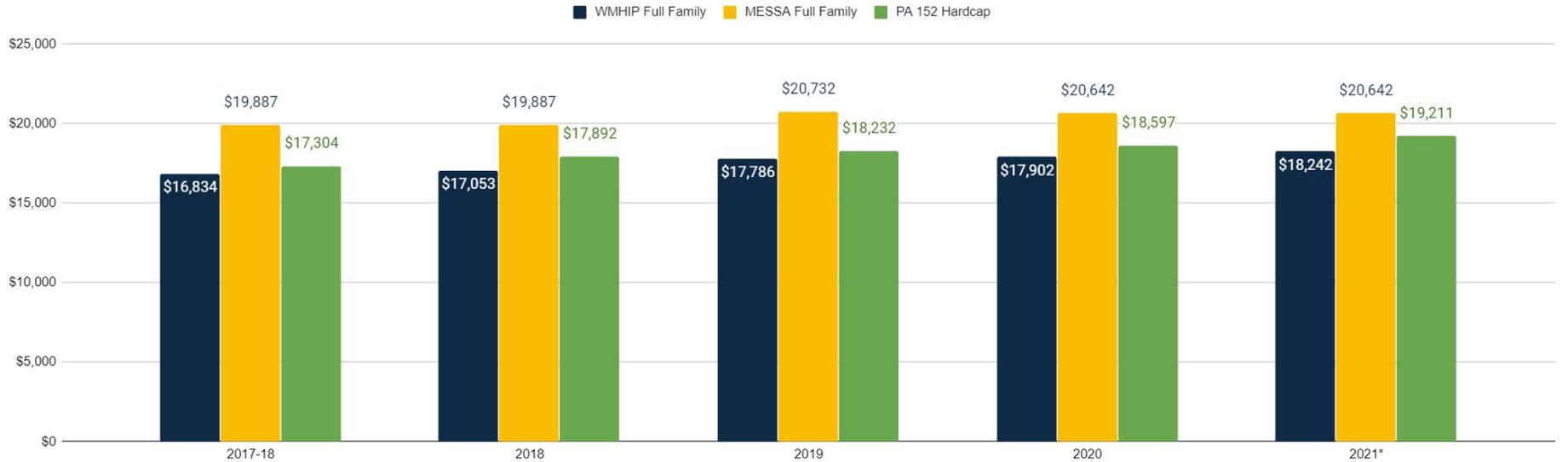
Enrollment Trend

Enrollment History and 2020-21 Projection



Healthcare Cost Trend

EGRPS Full Family Health Insurance Plans - Cost History & Projection



*2021 MESSA rates have not been announced. Graph reflects 3.3% increase. Actual costs could be higher or lower.

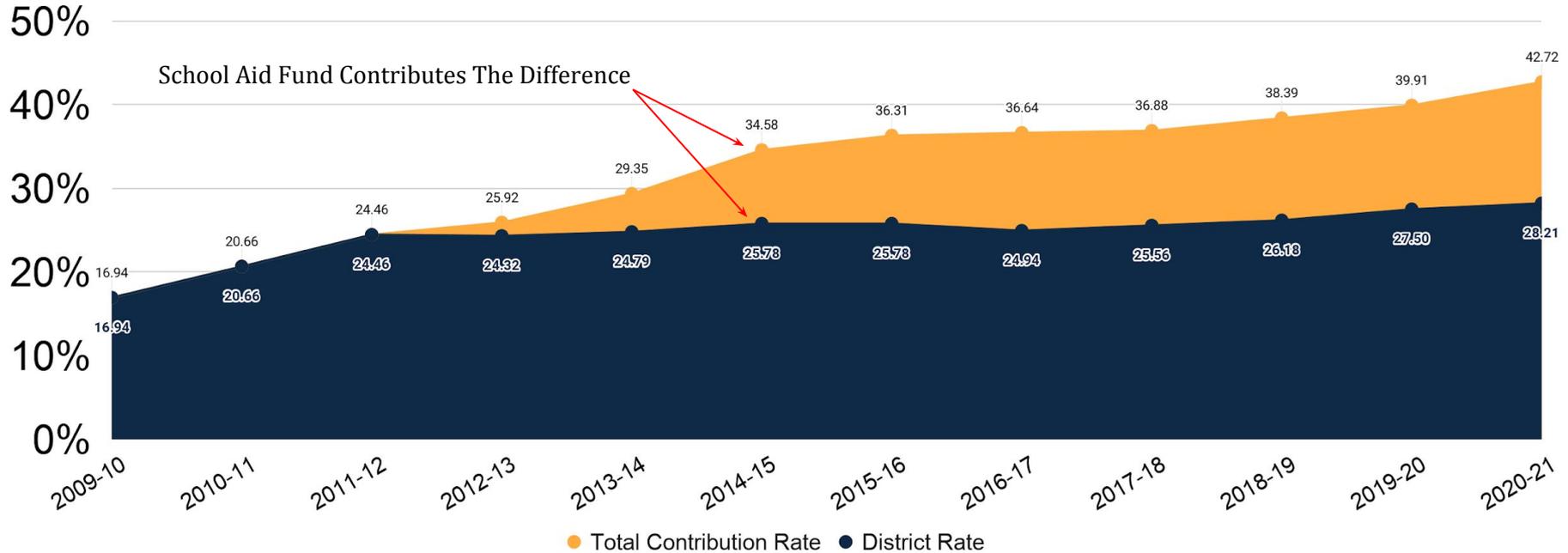
*2021 WMHIP rates will increase 1.9% and remain below the PA 152 Hardcap.

Note: Graph reflects plans with the higher number of enrolled employees. A number of other plans with varying rates are offered.

Retirement Costs Continue to Rise

State of Michigan Retirement System Rate History

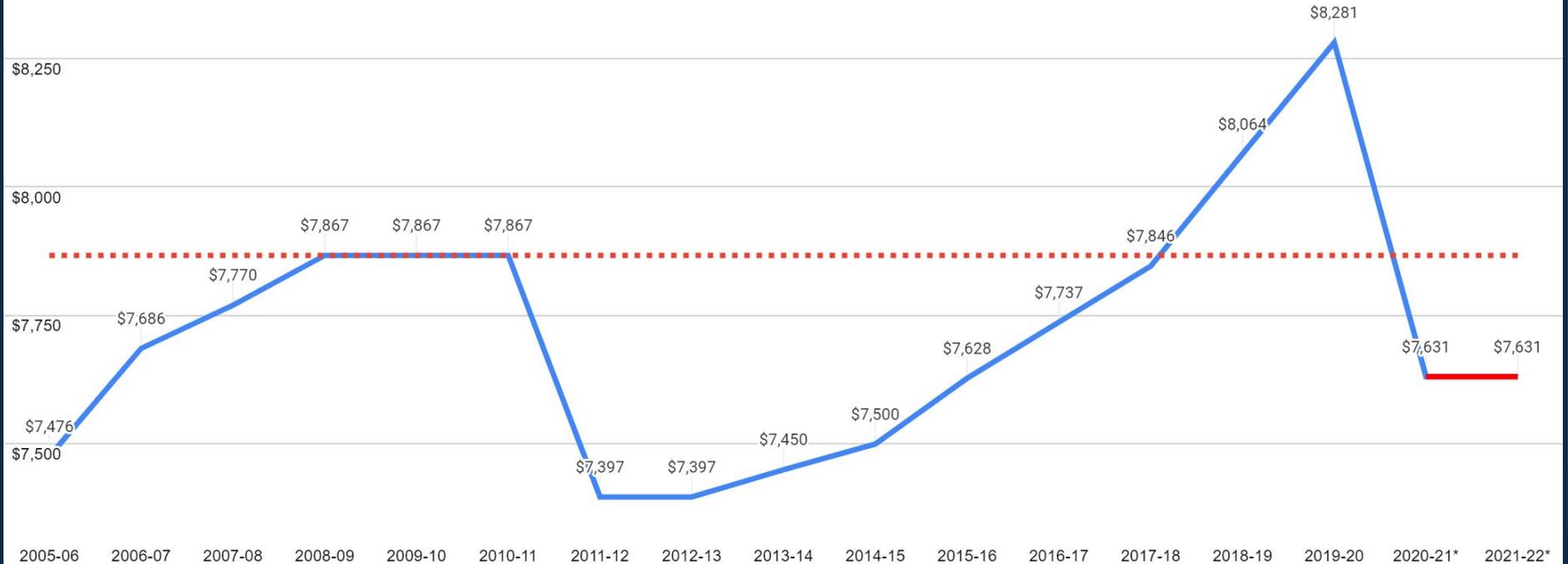
Percentage paid for each dollar of covered wages



Funding Below 2006-07 Levels

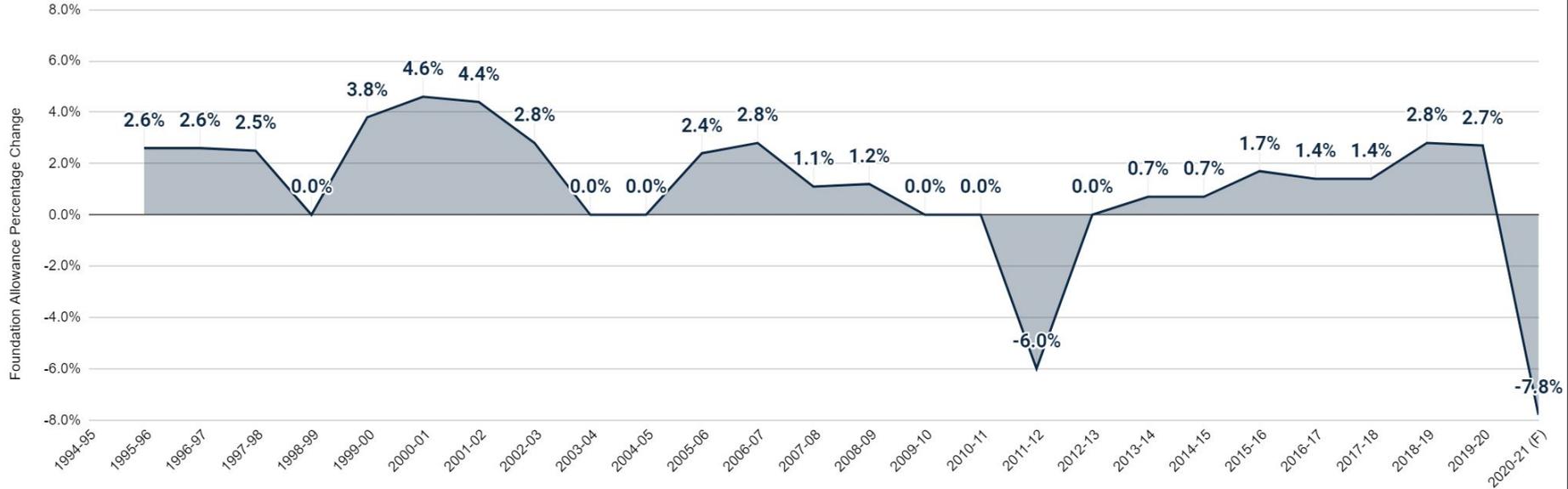
Per Pupil Foundation Allowance: 15-year History

** Projection based on May '20 Revenue Estimating Conference



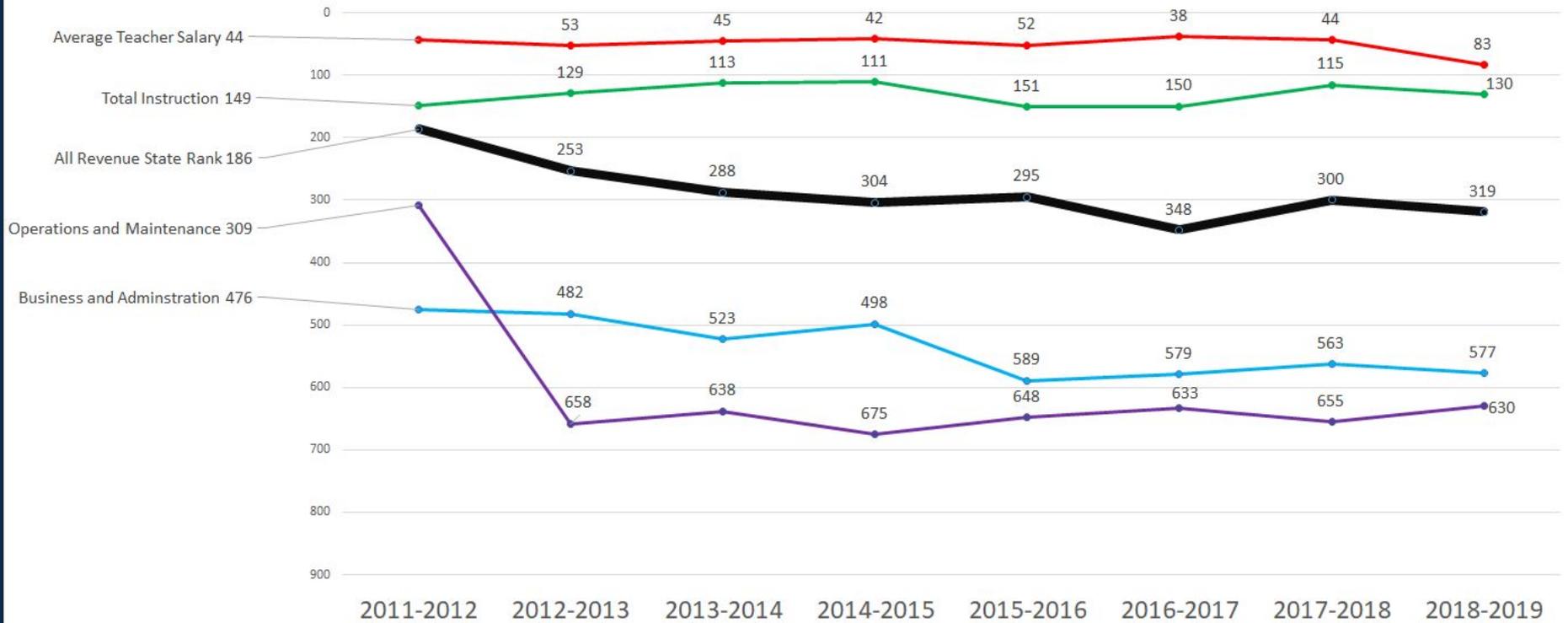
Foundation Allowance History

EGRPS Foundation Allowance Percentage Change



Bulletin 1014

Bulletin 1014: Statewide Comparison & Ranking of School Revenue & Expenses



In 2018-19, there were 826 school districts in Michigan

Risks to the Proposed Budget

- **Will economic forecasts worsen?**
- **Enrollment uncertainty.**
 - How many families will select alternate options regardless of the menu of options offered by EGRPS next fall?
 - Will pupil accounting rules be favorably amended to allow some options families might desire? To blend student counts across years?
- **What COVID-19 related costs will be incurred to meet health mandates?**
 - Will funding be provided for those mandates?
 - What magnitude will these costs be?
- **Will new COVID-19 related costs emerge unexpectedly?**
 - New executive orders
 - Inability to hire substitutes, increased need for substitutes
 - New federal laws which expand costs faster than funding, etc.
- **How will Collective Bargaining Agreements be settled?**

Questions?