



2015-2016 Amended Budget

East Grand Rapids Public Schools



Discussion Topics



Proposed 2015-2016 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 2016-2017 & 2017-2018



Budget Forecast Sensitivity Analysis

- Varying State Aid, impact of potential items not budgeted



Financial Trends/Ratios



Discussion/Questions



June 2015 Adopted Budget

2015-2016 Original Budget	
Revenues	\$28,623,714
Expenses	<u>\$28,686,880</u>
Change in Fund Balance	(\$63,165)
Beginning Unreserved Fund Balance	\$1,692,479
Ending Unreserved Fund Balance	\$1,629,314
Ending Fund Balance %	5.7%



Amended Budget – Change in revenues

- **\$858,551 increase from June**
 - **Sale of Cell Tower Leases: \$753,736**
 - **Student Count (2,957 vs. 2,945): \$92,000**
 - **Early Childhood: \$80,000**
 - **Title I: (\$25,000)**
 - **Athletic Gate Receipts: (\$20,000)**
 - **State Special Ed Transportation Reimbursement: (\$20,000)**
 - **Others: (\$2,185)**



Amended Budget – Change in expenses

- **\$178,774 overall increase from June**
 - **Dental Expenses: \$70,000**
 - **Retirement Payout & Transition costs: \$50,000**
 - **Food Service Subsidy: \$40,000**
 - **Health Care Benefits: \$27,000**
 - **Others: (\$8,226)**



2015-2016 Amended Budget

	2015-2016 Original Budget	2015-2016 Amended Budget	Variance F/(U)
Revenues	\$28,623,714	\$29,482,265	\$858,551
Expenses	<u>\$28,686,880</u>	<u>\$28,865,654</u>	<u>(\$178,774)</u>
Change in Fund Balance	(\$63,165)	\$616,611	\$679,776
Change in Fund Balance – Operational	(\$63,165)	(\$137,125)	(\$73,960)
Change in Fund Balance –Sale of Leases	\$0	\$753,736	\$753,736
Beginning Unreserved Fund Balance	\$1,692,479	\$1,692,479	
Ending Unreserved Fund Balance	\$1,629,314	\$2,309,000	
Ending Fund Balance %	5.7%	8.0%	



Analysis of Future Year Budget Assumptions



Budget Assumption – State Funding

**School Aid
Fund
Increase**

MPSERS

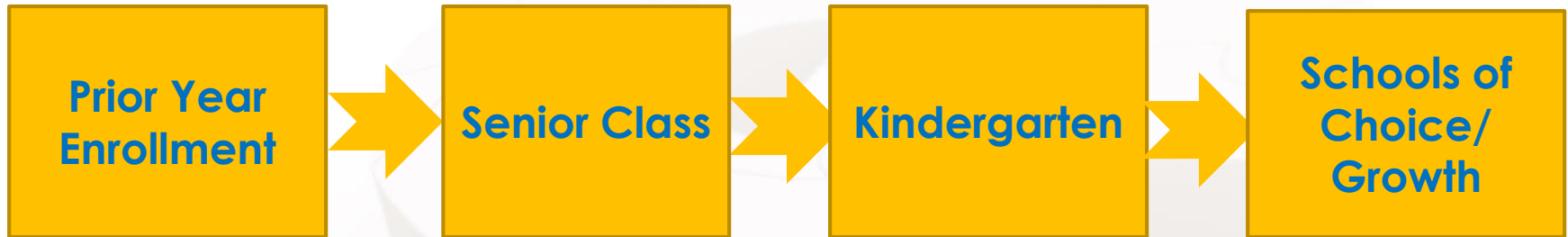
**Detroit
Public
Schools**

**Medicare
Tax Issue**

Fiscal Year (In Millions \$)	2016-2017	2017-2018	2018-2019
SAF Increase	\$355.9	\$349.5	\$374.6
MPSERS	(\$90.0)	\$0	\$0
DPS Bailout	(\$71.0)	(\$71.0)	(\$71.0)
Medicare Tax	(\$200.0)	(\$200.0)	(\$200.0)
General Fund impact of road funding	<u>\$0</u>	<u>\$0</u>	<u>(\$150.0)</u>
Net Available	(\$5.1)	\$78.5	(\$46.4)
Per-Pupil Available	\$0	\$53	(\$16)
Budgeted Change in Funding	\$0	\$50	(\$25)
Foundation Allowance Assumption	\$7,628	\$7,678	\$7,653



Budget Assumption – Enrollment



	2015-2016	2016-2017	2017-2018	2018-2019
Prior Year FTE	2,940	2,961	2,965	2,935
Prior Year Senior Class	234	230	252	267
Kindergarten w/o SOC	178	185	185	185
Schools of Choice	55	20	20	20
Incremental Growth	22	29	17	27
Actual/Projected FTE	2,961	2,965	2,935	2,900



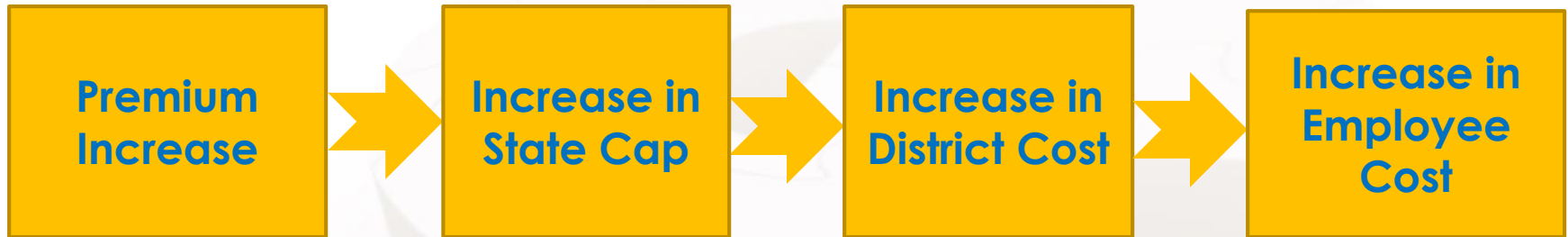
Budget Assumption – Salaries



	Baseline	2015-2016	2016-2017	2017-2018
Student FTE's	2,940	2,961	2,965	2,935
Total State Funding/pupil	\$7,718	\$7,718	\$7,718	\$7,768
Total Health Care	\$2,210,058	\$2,210,058	\$2,263,439	\$2,318,155
MPSERS Rate	25.78%	25.78%	25.78%	25.78%
Incremental State Rev		\$131,206	\$192,950	\$108,160
Inc./(Dec.) in Health Care		\$0	(\$53,381)	(\$108,097)
Inc./(Dec.) in Retirement		\$0	\$0	\$0
Net Available Revenues		\$131,206	\$139,569	\$63
Inc.(Dec.) in Compensation		No Change	No Change	No Change



Budget Assumption – Health Care



	2015-2016	2016-2017	2017-2018
Annual Family Premium	\$16,456	\$17,608	\$18,840
Family State Cap	\$16,343	\$16,752	\$17,170
Family Deductible	\$2,600	\$2,600	\$2,600
Employee Premium Contribution	\$113	\$856	\$1,670
Projected Increase in Premium		7.0%	7.0%
Projected Increase in State Cap		2.5%	2.5%
Increase in District Cost per emp.		\$409	\$418
Increase in Employee Cost		\$743	\$814
Total Employee Cost (MESSA)	\$2,713	\$3,456	\$4,270
Total Increase in District Cost		\$76,000	\$78,000



Other Forecast Assumptions

Retirement: Maintained at 25.78%

EGRNow!: \$0

- \$255,000 in 2015-2016
- \$145,400 in 2014-2015

Retirement Incentive: \$0

- - Incentive requires at least 6 teachers to participate
- - \$20,000 to \$23,000 savings/tchr.
- - \$120,000 savings at 6 teachers
- - \$200,000 savings at 10 teachers
- - Budget assumption of \$0 is meant to be conservative financially, not an assumption about how many teachers will elect.

Staffing: 2 additional teachers

Retirement

EGRNow!

**Retirement
Incentive
Savings**

Staffing



Future Years Financial Forecast

	2015-2016 Amended Budget	2016-2017 Forecast	2017-2018 Forecast
Revenues	\$29,482,265	\$28,615,106	\$28,536,505
Expenses	<u>\$28,865,654</u>	<u>\$29,049,751</u>	<u>\$29,134,147</u>
Change in Fund Balance	\$616,611	(\$434,644)	(\$577,643)
Change in Fund Balance –Operational	(\$137,125)	(\$434,644)	(\$577,643)
Change in Fund Balance –Sale of Leases	\$753,736	\$0	\$0
Beginning Unreserved Fund Balance	\$1,692,479	\$2,309,090	\$1,874,446
Ending Unreserved Fund Balance	\$2,309,090	\$1,874,446	\$1,296,803
Ending Fund Balance %	8.0%	6.5%	4.5%



Future Years Financial Forecast

\$150 increase in funding (2016-17 & 2017-18)

	2015-2016 Amended Budget	2016-2017 Forecast	2017-2018 Forecast
Revenues	\$29,482,265	\$29,059,856	\$29,290,255
Expenses	<u>\$28,865,654</u>	<u>\$29,427,192</u>	<u>\$29,728,750</u>
Change in Fund Balance	\$616,611	(\$367,336)	(\$438,495)
Change in Fund Balance –Operational	(\$137,125)	(\$367,336)	(\$438,495)
Change in Fund Balance –Sale of Leases	\$753,736	\$0	\$0
Beginning Unreserved Fund Balance	\$1,692,479	\$2,309,090	\$1,941,754
Ending Unreserved Fund Balance	\$2,309,090	\$1,941,754	\$1,503,259
Ending Fund Balance %	8.0%	6.6%	5.1%
Increase/(Decrease) in Compensation		Step Increase (1.8%)	1% scale increase



Future Years Financial Forecast

\$50 decrease in funding (2016-17 & 2017-18)

	2015-2016 Amended Budget	2016-2017 Forecast	2017-2018 Forecast
Revenues	\$29,482,265	\$28,466,856	\$28,263,005
Expenses	<u>\$28,865,654</u>	<u>\$28,958,751</u>	<u>\$28,834,332</u>
Change in Fund Balance	\$616,611	(\$491,895)	(\$571,327)
Change in Fund Balance –Operational	(\$137,125)	(\$491,895)	(\$571,327)
Change in Fund Balance –Sale of Leases	\$753,736	\$0	\$0
Beginning Unreserved Fund Balance	\$1,692,479	\$2,309,090	\$1,817,195
Ending Unreserved Fund Balance	\$2,309,090	\$1,817,195	\$1,245,868
Ending Fund Balance %	8.0%	6.3%	4.3%
Increase/(Decrease) in Compensation		0%	1% scale decrease + Freezing of 403b match, personal day, grad study



Future Years Financial Forecast

(Impact of Potential Items not budgeted for)

	2015-2016 Amended Budget	2016-2017 Forecast	2017-2018 Forecast
Change in Fund Balance	\$616,611	(\$434,644)	(\$577,643)
Retirement Incentive savings (8 teachers)		<u>\$160,000</u>	<u>\$160,000</u>
Revised Change in Fund Balance	\$616,611	(\$274,644)	(\$417,643)
EGRNow! (Average of last two years)		<u>\$200,000</u>	<u>\$200,000</u>
Potential Change in Fund Balance	\$616,611	(\$74,644)	(\$217,643)
Ending Fund Balance \$	\$2,309,090	\$2,234,446	\$2,016,803
Ending Fund Balance %	8.0%	7.7%	7.0%



Bulletin 1014

2013-2014 vs. 2008-2009

	2013-2014 State Ranking	2008-2009 State Ranking	2013-2014 County Ranking	2008-2009 County Ranking
Number of Districts	829	775	20	20
All Sources of Revenue	288 th	237 th	13 th	11 th
Basic Programs (General Ed)	60 th	115 th	1 st	2 nd
Added Needs (Spec Ed/Title)	735 th	662 nd	20 th	20 th
Instructional Support	180 th	81 st	4 th	2 nd
Business & Administration	523 rd	414 th	6 th	3 rd
Operations & Maintenance	638 th	254 th	15 th	4 th
Total General Fund	241 st	262 nd	11 th	9 th
Instructional Salaries/Benefits	95 th	222 nd	3 rd	9 th
Average Teacher Salary	45 th	75 th	2 nd	4 th



Structural Balance

7 straight years of structural deficits:

- 2009-10: \$332,783
- 2010-11: \$102,449
- 2011-12: \$661,107
- 2012-13: \$748,823
- 2013-14: \$568,160
- 2014-15: \$928,000
- 2015-16: \$137,125

Budget Deficit Reductions:

- 2009-10: \$750,000
- 2010-11: \$1,200,000
- 2011-12: \$750,000
- 2012-13: \$450,000
- 2013-14: \$480,000
- 2014-15: \$125,000
- 2015-16: \$688,000



- Fund Balance down to 5.7% at end of 2014-15
- Significant progress made towards structural balance for 2015-2016
 - Includes \$255,000 in EGRNow! contributions
- Structural balance a requirement for 2016-17
 - Structural savings from retirement incentive program
 - EGRNow! contributions?
 - Program & Service reductions/restructuring
- Maintain structural balance once achieved
 - How does EGRNow! fit into budget planning?
- Long term goal of fund balance at 10%



2016-2017 Budget Development Process

- **January: State Revenue Estimating Conference**
- **February: Governor's 2016-2017 proposed budget**
- **February: Retirement Incentive program finalized**
- **March: Budget Update with Board of Education**
 - * Determine if need exists for budget workgroups
- **May: Present recommendations for 2016-2017 budget to Board of Education**
- **June: Budget Hearing and adoption of budget**



Summary

- **Significant progress made towards structural balance**
 - Additional progress required to develop structural balance that can be maintained
- **Fund balance closer to acceptable levels when sale of cell tower leases completed**
- **Compensation formula provide increased budget stability at varying levels of state funding**
- **Need to prepare for 2018-19 & beyond**
 - Potential significant student enrollment decrease
 - Possible legislative decisions that limit state funding
 - Michigan due for normal economic cycle slowdown



Discussion, Questions