

Public Hearing on the 2015-16 General Fund Budget

June 8, 2015



"Tradition of Excellence"

Budget Presentation

- **2014-2015 Final Proposed Budget Amendment**
 - Major changes since October
- **Proposed 2015-2016 Sinking Fund and Debt Retirement budgets**
- **Structural Balance – Budget comparison**
 - 2008-2009 vs. 2014-2015
- **Proposed 2015-2016 Budget & Budget Recommendations**
 - Budget Assumptions
 - Proposed budget
 - Recommended reductions to budget
 - Proposed budget risks
- **Future Year's outlook**
 - Budget Assumptions
 - Projections for next two years
 - Challenges to maintaining structural balance
- **Discussion/Questions**

2015-2016 General Fund Budget

- The Budget is a product of our strategic plan
 - *“Educating and inspiring each student to navigate successfully in a global community”*
- Budget is limited to the resources received
- Budget is a financial roadmap that changes daily
- Even when funds are limited, budgets increase investments towards some strategic priorities while decreasing investments in other areas
- Proposed budget for 2015-2016 is meant to achieve the goals of the strategic plan within the resources received

2014-2015 Final Amendment

2014-2015 Final Budget Amendment

	<u>Amended</u>	<u>Final</u>
Revenue	\$28,231,482	\$28,347,895
Expenses	<u>\$29,117,086</u>	<u>\$29,269,128</u>
Net Change	(\$885,604)	(\$921,232)
Net Chg. (Unreserved)	(\$823,604)	(\$881,232)
Net Chg. (IB Reserve)	(\$62,000)	(\$40,000)
Ending Fund Balance	\$1,385,086	\$1,327,458
Fund Balance	4.8%	4.5%
Ending IB Reserve	\$265,867	\$287,867

Variances from Amended

- **Change in Revenues: Increase of \$116,413**
 - **Section 147(c): \$147,000**
 - **Net Operational Change: (\$30,587)**
 - Loss of 10 students throughout year: (\$76,200)
 - Act 18 Revenue: (\$40,000)
 - TRIG Grant: \$29,400
 - TRIG Rebates: \$111,944
 - Others: (\$5,443)
- **Change in Expenses: Increase of \$152,042**
 - **Section 147(c): \$147,000**
 - **Net Operational Change: \$5,042**
 - Contracted Psychologist (13-14): \$28,130
 - Legal: \$20,000
 - Worker's Compensation: \$10,000
 - Heat & Electric: (\$44,250)
 - Dental: (\$11,420)
 - Others: \$2,582

2015-2016 Sinking Fund Budget

	<u>2014-2015</u>	<u>2015-2016</u>
Revenue	\$302,986	\$311,000
Expenses	<u>\$325,000</u>	<u>\$910,000</u>
Net Change	(\$22,014)	(\$599,000)
Ending Fund Balance	\$1,123,980	\$524,980
Reserve for Turf Fields	\$295,000	\$335,000

Long Term Sinking Fund Plan

	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Beginning Balance	\$1,123,980	\$524,980	\$480,230	\$665,230	\$876,230	\$844,230	\$1,009,230
Revenues	\$311,000	\$317,250	\$325,000	\$331,000	\$338,000	\$345,000	\$352,000
Athletic Turf Fund	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Memorial Bleachers					\$250,000		
Parking Lot Resurfacing		\$82,000	\$60,000			\$60,000	
Carpet Replacement	\$770,000	\$150,000					
Others	<u>\$100,000</u>	<u>\$90,000</u>	<u>\$40,000</u>	<u>\$80,000</u>	<u>\$80,000</u>	<u>\$80,000</u>	<u>\$80,000</u>
Total Expenses	\$910,000	\$362,000	\$140,000	\$120,000	\$370,000	\$180,000	\$120,000
Ending Balance	\$524,980	\$480,230	\$665,230	\$876,230	\$844,230	\$1,009,230	\$1,241,230

“Tradition of Excellence”

2015-2016 Debt Fund Budget

	<u>2014-2015</u>	<u>2015-2016</u>
Tax Collections	\$6,460,576	\$6,462,421
School Bond Loan Fund	<u>\$299,809</u>	<u>\$408,396</u>
Total Revenues	\$6,760,384	\$6,870,817
Expenses	<u>\$6,760,384</u>	<u>\$6,870,817</u>
Net Change	\$0	\$0
Ending Fund Balance	\$70,770	\$70,770
Millage Levied	10.45	9.95

Structural Balance – Budget Comparison

- 2008-2009 was the last fiscal year the district's general fund budget did not use fund reserves to balance the budget
 - \$23,934 addition to fund balance occurred that year
- 2008-2009 will be compared to the 2014-2015 final amendment
 - Revenues: State, County, Federal, Local
 - Student Enrollment
 - Salaries
 - Benefits
 - Utilities
 - Others
- Comparisons by budget area
 - Instructional
 - Non-Instructional - segmented into major categories

2008-09 vs. 2014-2015

	<u>2008-2009</u>	<u>2014-2015</u>	<u>2014-2015*</u>
Revenue	\$27,716,932	\$28,347,895	\$26,903,477
Expenses	<u>\$27,692,998</u>	<u>\$29,269,128</u>	<u>\$27,824,710</u>
Net Change	\$23,934	(\$921,232)	(\$921,232)
Net Chg. (Unreserved)	\$23,934	(\$881,232)	(\$881,232)
Net Chg. (IB Reserve)	\$0	(\$40,000)	(\$40,000)
Ending Fund Balance	\$4,683,818	\$1,327,458	\$1,327,458
Fund Balance	16.9%	4.5%	4.8%

* Alternate 2014-2015 figures remove impact of pass through School Aid Fund support of MPSERS (\$1,444,418)

2008-2009 vs. 2014-2015

	2008-2009	2014-2015	Fav./(Unfav.)
Total State Funding/Pupil	\$7,867	\$7,698	(\$169)
Student Enrollment FTE	2,976	2,940	(36)
Total State Funding	\$23,787,789	\$23,098,762	(\$689,027)
Total County Funding	\$1,548,855	\$1,494,985	(\$53,870)
Total Federal Funding	\$555,865	\$452,359	(\$103,506)
Total Local Revenues	<u>\$1,824,423</u>	<u>\$1,857,371</u>	<u>\$32,948</u>
Total Revenues	\$27,716,932	\$26,903,477	(\$813,455)
<u>State Funding:</u>			
Per Pupil Funding Change			(\$496,860)
Student Enrollment Change			(\$270,000)
CEPI Reimbursement			\$73,470

Personnel Expense Trend

(2008-2009 to 2014-2015)

	Wages	Health	Total Retirement	Retirement Offsets	Net Retirement
2008-09	\$15,773,478	\$2,890,277	\$2,594,430	\$0	\$2,594,430
2009-10	\$16,001,020	\$2,925,490	\$2,634,789	\$0	\$2,634,789
2010-11	\$15,792,998	\$2,908,473	\$3,101,768	\$0	\$3,101,768
2011-12	\$15,824,414	\$3,092,473	\$3,734,246	\$304,634	\$3,429,612
2012-13	\$15,764,475	\$2,471,727	\$4,145,622	\$618,763	\$3,526,859
2013-14	\$15,497,511	\$2,455,810	\$4,571,817	\$1,054,645	\$3,457,172
2014-15	\$15,400,633	\$2,676,755	\$5,388,028	\$1,444,418	\$3,943,610
Net Change since 2008-09	(\$372,845)	(\$213,522)	\$2,793,598	\$1,444,418	\$1,349,180

Salary/Wage Trend

(2008-2009 to 2014-2015)

	2008-2009	2014-2015	Inc./ (Dec.)
Instructional	\$10,873,528	\$11,472,489	\$598,961
Administration	\$1,488,535	\$1,430,214	(\$58,321)
Custodial/Maintenance	\$844,998	\$589,567	(\$255,431)
Secretarial	\$961,683	\$652,376	(\$309,307)
Paraprofessional	\$739,579	\$172,984	(\$566,595)
Technology Support	\$147,651	\$297,857	\$150,206

Other Expense Trends

(2008-2009 to 2014-2015)

	Utilities	Purchased Services	Supplies	Business Services
2008-09	\$1,131,275	\$864,196	\$536,619	\$336,581
2014-15	\$1,034,934	\$1,323,835	\$637,503	\$381,731
Net Change since 2008-09	(\$96,341)	\$459,639	\$100,884	\$45,150

Expense Trend by Program/Service (2008-2009 to 2014-2015)

	2008-2009	2014-2015	Inc./ (Dec.)
General Education	\$14,067,348	\$17,211,451	\$3,144,103
Special Education	\$2,972,184	\$2,447,955	(\$524,229)
Early Childhood	\$434,814	\$642,852	\$208,038
Building Admin & Support	\$1,902,083	\$1,973,606	\$70,803
Central Office & Instruction	\$1,701,426	\$1,608,874	(\$92,552)
Buildings & Grounds	\$3,331,991	\$2,797,744	(\$534,247)
Technology & Technology Support	\$491,495	\$811,455	\$319,960
Media Center	\$600,529	\$5,600	(\$594,929)
Guidance/Social Work	\$894,535	\$914,148	\$19,613
Transportation	\$223,154	\$224,464	\$1,010
Co-curriculars	\$731,501	\$599,250	(\$132,251)

EAST GRAND RAPIDS PUBLIC SCHOOLS

“Tradition of Excellence”

2015-16 Proposed General Fund Budget

2015-16 Budget Assumptions

(State Funding)

	<u>2014-2015</u>	<u>2015-2016</u>	<u>Inc./ (Dec.)</u>
Foundation Allowance	\$7,500	\$7,628	\$128
Best Practices	\$50	\$0	(\$50)
Performance Funding	\$70	\$0	(\$70)
At-Risk (31a)		\$5	\$5
Categorical Offset (20f)		\$12	\$12
MPSERS Credit (147a)	<u>\$78</u>	<u>\$78</u>	<u>\$0</u>
Total Funding	\$7,698	\$7,723	\$25

Net Impact

\$73,500



"Tradition of Excellence"

Other Budget Assumptions

- **12.2% increase in Non-Homestead Taxable Value**
 - Non-Homestead tax levy Headlee reduced 0.7 mills (17.1 mills)
 - Loss of \$55,000 in state aid (Net state funding increase of \$18,000)
- **2% increase to Act 18 Special Education funding**
- **\$222,000 in EGRNOW! Funding**
- **Discontinuance of Young Fives program (1.0 FTE)**
- **8 sections of Kindergarten (9 sections in 2014-15)**
- **No increase in wages/salaries (scale or step increment)**
- **Health Insurance:**
 - **MESSA increase: 9.7%, District cost increases 6.75%**
 - **WMHIP: 1.0% increase**
- **Retirement:**
 - "All in" retirement rate of **38.50%**
 - "All in" expenses offset by **\$2,043,535** of School Aid Fund support
 - Net retirement rate: **25.91%**
- **Enrollment: 2,940 FTE students**
 - Kindergarten/Young 5's at 167
 - FTE count down 10 since the fall (2,950 to 2,940)

2015-16 Proposed Budget

	2014-2015	2015-2016	Inc./ (Dec.)
Revenues	\$28,347,895	\$28,516,056	\$168,161
Expenses	<u>\$29,269,128</u>	<u>\$28,496,818</u>	<u>(\$772,310)</u>
Change in Fund Bal	(\$921,232)	\$19,238	\$940,470
Chg. in Unreserved Fund Bal	(\$881,232)	\$82,738	\$963,970
Chg. in Int'l. Bacc. Fund Bal	(\$40,000)	(\$63,500)	(\$23,500)
Ending Unreserved Fund Bal	\$1,327,458	\$1,410,196	\$82,738
Ending Unreserved Fund Bal %	4.5%	4.9%	0.4%
Ending Int'l Bacc. Fund Bal	\$287,867	\$224,367	(\$63,500)

Budget Reduction Recommendations

Budget Reduction Recommendations

- **10% Building/Department discretionary budget reduction: (\$51,000)**
 - 10% reduction has occurred four times out of the last eight years
 - **Impacts:**
 - Replacement of aging textbooks/on-line resources & updates as needed, reduced supply budgets for teachers, less flexibility to provide specific professional development
 - Decrease the ability to provide interventions & building specific services for students (before school math interventions, science lab setup, MS after school security)
 - **Implementation:**
 - Principals working with teachers to adjust budgets
 - Curriculum Implementation teams will meet less often
 - Added impact for support from the PTOs

Budget Reduction Recommendations

- **Reduction in Business Office staffing: (\$15,000)**
 - 0.3 FTE reduction in staff
 - Accounting Supervisor will take on payroll duties in 2015-2016
 - Other duties will be redistributed amongst staff to accommodate the reduction as well as the possible addition of early childhood finances
 - Separation of duties becoming increasingly difficult for business office roles & responsibilities

Budget Reduction Recommendations

- **Reduction in Middle and High School secretarial staffing: (\$60,000)**
 - 0.5 FTE reduction at both the Middle and High Schools
 - High School will combine current 4 daily hours of support for the assistant principal with the secretarial support for the Director of Athletics into one 8 hour/day position located in the front office (0.5 reduction to athletics)
 - Middle School will restructure current 3.0 FTE secretarial positions into 2.5 FTE positions, ensuring coverage for both the front office and guidance office.
 - If needed, volunteer support would be utilized to provide additional support

Budget Reduction Recommendations

- **Elimination of Early Childhood secretary: (\$55,000)**
 - Duties of position will be spread out among the Business Office, front desk receptionist, and Early Childhood Director
 - Business office to pick up the financial aspects of Early Childhood (billing, receipts, etc.)
 - **Impacts:**
 - Increase in workload for business office
 - Support for Early Childhood students, teachers, child care staff and parents
 - Impact on front desk receptionist position which provides support for transportation, security, and Director of Operations

Budget Reduction Recommendations

- **Special Education Restructuring: (Net Savings of \$63,000)**
 - **Elementary:**
 - **Autism Spectrum Disorder room merged with Resource Room**
 - 2 students projected for Breton ASD room in 2015-2016
 - Reduction of one teaching position and teaching assistant position from the Breton ASD room
 - Addition of 1.0 paraprofessional position in Breton Resource Room
 - **Middle School:**
 - **Autism Spectrum Disorder classroom converted to MoCI classroom (Moderate Cognitive Impairment)**
 - Two teaching assistant positions eliminated
 - Addition of 1.0 paraprofessional position
 - **Resource Room:**
 - Teacher staffing reduced from 2.0 to 1.5 FTE
 - Based on projected student needs
 - **High School:**
 - **Autism Spectrum Disorder classroom converted to MoCI classroom**
 - Reduction of one paraprofessional position
 - **Resource Room:**
 - Teacher staffing reduced from 2.3 to 1.8 FTE
- **Conversion of ASD classrooms to MoCI includes loss of Act 18 Funding**

Special Education Restructuring

- **Impact of conversion of Autism Spectrum Disorder (ASD) classrooms to Moderate Cognitive Impairment classrooms (MoCI):**
 - MoCI classes reflect the disability of the majority of current students
 - Preserves lower staff to student ratio including requirement for para-educator
 - Preserves program emphasis on functional curriculum, including functional academics, social skills, life skills, and employability and job skills
 - Preserves team approach to student progress with occupational therapist, social worker, school psychologist, and speech and language pathologist, planning together with teachers and working with students
 - Preserves instructional expertise as MS and HS MoCI teachers both have endorsements in autism spectrum disorders and cognitive impairment
 - With some flexibility in student numbers permitted, functional skills instruction for students with mild to moderate cognitive impairments can also be provided by the MoCI teachers

Special Education Restructuring

- Resource Room program continues at each building
- Para-educator support continues in each building
- Special education supported core academics continues at MS and HS
- All special education services provided for students this school year will be provided next school year in all buildings, including occupational therapy, physical therapy, school social work, school psychology, and speech and language pathology services
- Consultation with a doctorate level psychologist with expertise in autism and applied behavior analysis

Budget Reduction Recommendations

- **Reduction of tech support staff: (\$74,000)**
 - Reduction of 1.0 FTE
 - Delivery of services would be restructured with a greater emphasis on sharing staff across buildings
 - **Impacts:**
 - Response times will be increased
 - Loss of efficiency for tech support staff
 - Slower install of technology from bond construction program
 - Possible need to contract with outside vendors for some technology installs from bond construction program
 - Risk of lost materials at high school & middle school learning commons

Budget Reduction Recommendations

- **Restructure Elementary World Language & Specials (2.9 FTE = \$260,000):**
 - **“ABC” Specials Schedule**
 - Students would still receive Art, PE, Music, and Spanish, but on a reduced schedule
 - Students would have Spanish once a week
 - Students would have Art, PE, and Music once a week at a frequency of two times every three weeks
 - Spanish = approx. 36 times / year
 - Art, PE, & Music = approx. 24 times / year per each subject
 - **All 9 specials teachers would be reduced from 1.0 FTE to 0.63 FTE**

Budget Recommendations: Elementary

- “ABC” Special Schedule (6 week sample):

Specials for the Week	Schedule for the Week					
	A week	B week	C week	A week	B week	C week
	Art	Music	Music	Art	Music	Music
	PE	PE	Art	PE	PE	Art
	Spanish	Spanish	Spanish	Spanish	Spanish	Spanish

- Pattern continues throughout the year
- Pattern designed to provide back-to-back experiences
- Pattern is based off the existing schedule (same days of week and time slots), although modified (what content is taught each week)
- Art, PE, & Music teachers would experience a different form of a part-time schedule (a whole week off every 3rd week)

Budget Recommendations: Elementary

- “ABC” Special Schedule Implementation:
 - Create a Master “ABC” Calendar

Sample Master “ABC” Calendar 2015-16

September 2015						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	A	8	9	10	11	12
13	B	15	16	17	18	19
20	C	22	23	24	25	26
27	A	29	30			

October 2015						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	B	6	7	8	9	10
11	C	13	14	15	16	17
18	A	20	21	22	23	24
25	B	27	28	29	30	31

November 2015						
Su	Mo	Tu	We	Th	Fr	Sa
1	C	3	4	5	6	7
8	A	10	11	12	13	14
15	B	17	18	19	20	21
22	C	24	25	26	27	28
29	A					

December 2015						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	B	8	9	10	11	12
13	C	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

January 2016						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	A	5	6	7	8	9
10	B	12	13	14	15	16
17	C	19	20	21	22	23
24	A	26	27	28	29	30
31						

February 2016						
Su	Mo	Tu	We	Th	Fr	Sa
	B	2	3	4	5	6
7	C	9	10	11	12	13
14	A	16	17	18	19	20
21	B	23	24	25	26	27
28	C					

March 2016						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	A	8	9	10	11	12
13	B	15	16	17	18	19
20	C	22	23	24	25	26
27	A	29	30	31		

April 2016						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	B	12	13	14	15	16
17	C	19	20	21	22	23
24	A	26	27	28	29	30

May 2016						
Su	Mo	Tu	We	Th	Fr	Sa
1	B	3	4	5	6	7
8	C	10	11	12	13	14
15	A	17	18	19	20	21
22	B	24	25	26	27	28
29	C	31				

June 2016						
Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	A	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

Federal holidays in red

- **“ABC” Special Schedule Implementation cont.:**
 - Using existing schedule model, create 3 schedules – A, B, C
 - Same schedules used all year long
 - Similar scheduling burden as MS “1” day / “2” day schedule

Existing

Music, Art, Spanish

Music, PE, Spanish

Art, PE, Spanish

Budget Recommendations: Elementary

- Major factors for consideration:
 - “ABC” Specials Schedule
 - Maintains all four experiences for students (all reduced roughly the same)
 - Reduces 9 staff members to part-time status
 - Potential staff attrition due to part-time status
 - Part-time staff desiring other work will be limited by the schedule (applies equally to Spanish, Art, PE, and Music)

Budget Reduction Recommendations

- **Middle and High School General Education Teaching Staff Reduction, 1.3 FTEs: (\$120,000)**
 - **Net 0.5 FTE Reduction at the High School, 0.8 FTE reduction at Middle School**
 - **High School reductions:**
 - Hybrid World Language
 - Guided Studies
 - Math Lab
 - Other scheduling changes based on student requests for courses
 - **Middle School reductions:**
 - 0.8 FTE reduction is a combination of scheduling efficiencies (Spanish) and reduction in number of sections offered for certain electives (Art/Media presentation)

Budget Reduction Recommendations

- **High School Guidance Office Restructuring: (\$80,000)**
 - **Elimination of one counseling position**
 - **Addition of a support position**
 - Transfer all non-guidance/counselor related responsibilities from counselor to support personnel
 - **Impacts:**
 - Caseloads would increase to 500 students per counselor (currently 325:1)
 - Reduced access to counselors
 - Increased response time from counselors
 - Some small group counseling would replace some individualized counseling—for efficiency, but only where appropriate
 - Restructuring of Junior Conferences/Post-secondary planning process

Summary of Recommendations

- | | |
|--|------------------|
| • 10% Building/Department budget reduction: | \$51,000 |
| • Business Office reduction: | \$15,000 |
| • MS/HS Secretarial reductions: | \$60,000 |
| • Early Childhood secretarial position: | \$55,000 |
| • Special Education restructuring: | \$63,000 |
| • Technology staff reduction | \$74,000 |
| • Elementary Specials restructuring: | \$260,000 |
| • MS/HS general education teaching reductions: | \$120,000 |
| • High School guidance restructuring: | <u>\$80,000</u> |
| • Total Reduction Recommendations | \$778,000 |
-
- Teaching Staff Impact:
 - 5 potential layoffs and 14 teachers FTE percentage reduced
 - Support Staff Impact:
 - 2 potential layoffs, 1 potential reduction of FTE percentage

Potential Reductions maintained

- Outsourcing of 2nd/3rd shift custodial staff
 - Bids were requested and received, price for outsourced services were same as district currently spends
- Programs funded by EGRNOW! for 2015-2016 (~~\$222,000~~) **\$255,310!**
 - Elementary World Language
 - Intervention Specialist
- Other options specifically discussed in January, maintained in budget
 - Elementary reading support
 - Elementary part-time secretarial positions
 - Middle School guidance counselor
 - General education social work
 - Co-curriculars

2015-2016 Budget Risks

- **Student Enrollment:**
 - Budgeting for 2,940, same amount as 2014-2015
 - Includes 55 Schools of Choice students
 - Change in state law to account for changes in student enrollment throughout year leaves final state funding open ended
 - Lost 10 student FTE's throughout course of this school year
- **Collective Bargaining:**
 - Collective bargaining agreements expiring
 - No increase in salary/wages budgeted
 - Will work collaboratively to reach new agreements that fit into a structurally balanced budget

Future Years Forecast

Budget Assumptions

- **Per-Pupil Funding:**
 - 2016-17: \$100/pupil overall increase
 - 2017-18: \$100/pupil overall increase
 - EGRNOW! Funding: \$0
- 2,955 FTE students both years
- Salaries: 1% total increase in employee salaries/wages both years
- Health Insurance: 2.5% increase both years
- **Retirement:**
 - Net retirement rate remains at **25.91%** for both years
 - \$90 million incremental School Aid Fund dollars in 2016-17, \$0 incremental dollars in 2017-18
- **International Baccalaureate:**
 - All costs have been added for 2016-2017 and beyond for implementation of program

2016-17 & 2017-18 Forecast

	2015-16	2016-17	2017-18
Revenues	\$28,516,056	\$28,809,000	\$29,128,261
Expenses	<u>\$28,496,818</u>	<u>\$28,960,963</u>	<u>\$29,268,427</u>
Change in Fund Bal	\$19,238	(\$151,963)	(\$140,166)
Chg. in Unreserved Fund Bal	\$82,738	\$72,404	(\$140,166)
Chg. in Int'l. Bacc. Fund Bal	(\$63,500)	(\$224,367)	\$0
Ending Unreserved Fund Bal	\$1,410,196	\$1,482,600	\$1,342,434
Ending Unreserved Fund Bal %	4.9%	5.1%	4.6%
Ending Int'l Bacc. Fund Bal	\$224,367	\$0	\$0

School Aid Fund

(Analysis of Available Funds for increases)

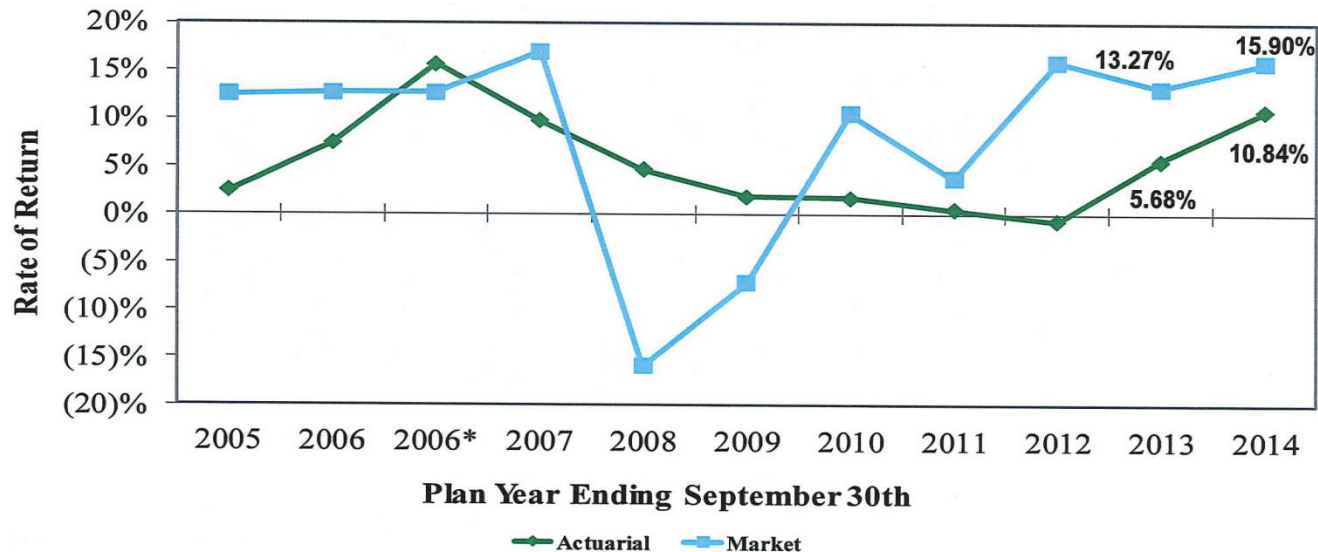
	2015-2016	2016-2017	2017-2018	2018-2019
School Aid Fund Growth (%)	3.0%	2.9%	2.8%	2.9%
School Aid Fund Growth (\$)	\$359,700,000	\$355,900,000	\$349,500,000	\$374,600,000
Projected MPSERS Requirement	\$216,600,000	\$90,000,000	\$0	\$0
Net School Aid Fund Growth	\$143,100,000	\$265,900,000	\$349,500,000	\$374,600,000
Projected Students	1,493,000	1,479,000	1,479,000	1,479,000
Net Available Growth/Student	\$96	\$180	\$236	\$253
Increase in Foundation Dollars	\$192,700,000	?	?	?
Foundation Increase/Student	\$129	?	?	?

MPSERS Retirement System

(Are things finally improving?)



Actuarial & Market Net Rates of Return



10

* After adjusting to market value.
Rates of return shown above are for non-hybrid assets.

GRS

EGRPS
EAST GRAND RAPIDS PUBLIC SCHOOLS

“Tradition of Excellence”

MPERS Retirement System

(Are things finally improving?)



Gain/(Loss) by Type of Activity (Amounts in Millions)

Plan Year Ending 9/30	2010	2011	2012	2013	2014
Rehires	\$ (60.0)	\$ (11.1)	\$ (1.1)	\$ (1.8)	\$ (12.9)
Retiree Deaths	(259.6)	(316.4)	(184.1)	(228.3)	(183.8)
Investments	(2,718.2)	(3,129.1)	(3,453.9)	(861.4)	1,047.4
Pay Increases	114.1	(255.4)	1,170.8	819.2	333.0
Withdrawal	(0.5)	(29.4)	(41.1)	(14.3)	(53.6)
Retirements	(19.6)	17.6	31.4	33.1	40.6
Other	216.5	(256.7)	(194.9)	(145.6)	(87.1)
Total	(2,727.3)	(3,980.5)	(2,672.9)	(399.1)	1,083.6

Maintaining structural balance

- **Funding Increases:**
 - School Aid Fund growth is projected: (\$350 million annually)
 - Does it flow to net operational increases for K-12
 - School Aid Fund support of MPSERS finally leveling off, maybe decreasing in future years?
 - Legislative intent to support K-12
- **Student Enrollment:**
 - Local birth rate trends are lower
 - Kindergarten classes last few years have decreased
 - Housing turnover – if slower than normal, tends to affect enrollment
- **International Baccalaureate**
 - Begin offering program to students in 2016-2017
 - Increase in teacher staffing required (2.5 FTE's)
 - Part-time coordinator (0.6 FTE)
 - Creative ways to provide financial support?
- **Employee Compensation**
 - Salary scales have been held flat last four years
 - Future changes in compensation have to fit into structural balance

Summary

- **Proposed Budget for 2015-2016 is structurally balanced**
 - Required significant budget reductions
 - Some loss of programs & services for students
- **Fund Balance below acceptable level:**
 - Has decreased from 17% to below 5%
 - Fund Balance needs to be increased for inevitable economic slowdown in the future
 - “Financial Distress” legislation being considered in Lansing currently using 8% fund balance as the cutoff
- **Maintaining Structural Balance**
 - Legitimate year over year increases in state funding needed
 - Burden of MPSERS retirement system leveling off?
 - Managing employee compensation within a structurally sustainable budget
- **2015-2016 Budget provides the best possible educational program for students based on the resources received**

Questions/Discussion?