

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

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June 15, 2020

# Budget Presentation

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- **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

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- **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
<b>Revenues</b>	\$31,625,293	\$31,414,857	-\$210,436
<b>Expenses</b>	\$31,606,154	\$31,621,821	\$15,667
<b>Chg. in Fund Reserve</b>	\$19,139	-\$206,964	-\$226,103
<b>Ending Fund Reserve</b>	\$3,007,125	\$2,781,022	
<b>Fund Reserve* %</b>	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:

(in millions)	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
<b>Projected Loss in Revenue</b>	<b>\$1,248.8</b> <b>(\$855/student)</b>

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
<b><i>May Revenue Conference Projected Loss in Revenue</i></b>	<b><i>\$1,137.1 (\$783/student)</i></b>	<b><i>\$719.7 (\$498/student)</i></b>
<b><i>Per Pupil Revenue Shortfall</i></b> <i>Relative to Existing SAF Costs</i>	<b><i>\$663</i></b>	<b><i>\$231</i></b>

# 2020-21 Budget Assumptions - Revenues

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## 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 MPSERS Act, is maintained.  
**Increases revenues by \$336k (expenses exactly track revenues).**

# 2020-21 Budget Assumptions - Revenues cont.

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## 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

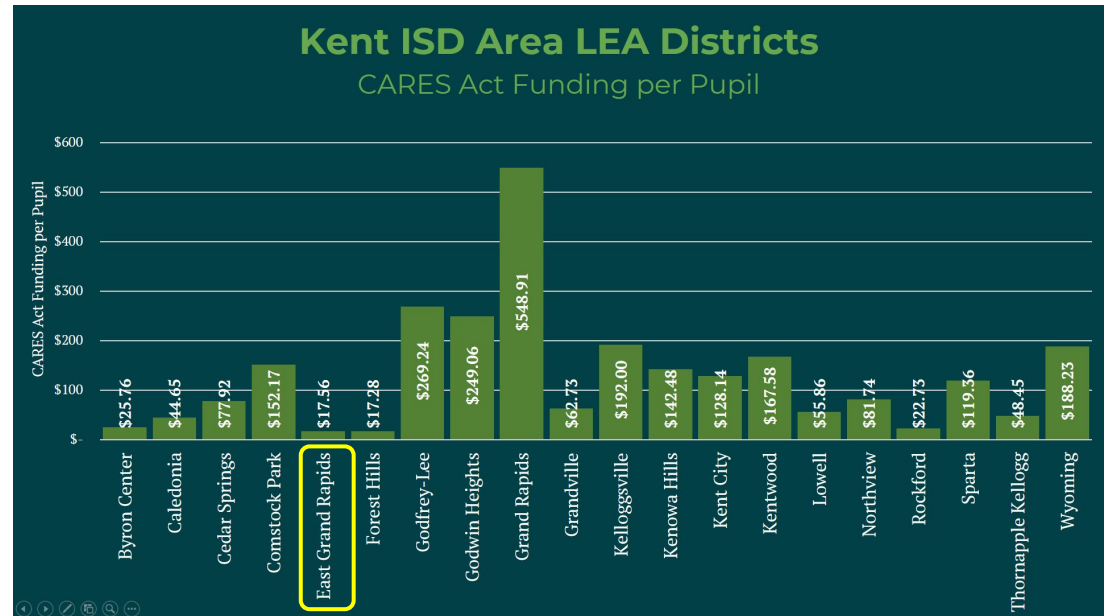
- Expect minor declines year over year in funding **(\$23K)**
- Overall budget consistent with historical levels
- All combined, less than **\$400,000** annually



# 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

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## 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.

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## 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

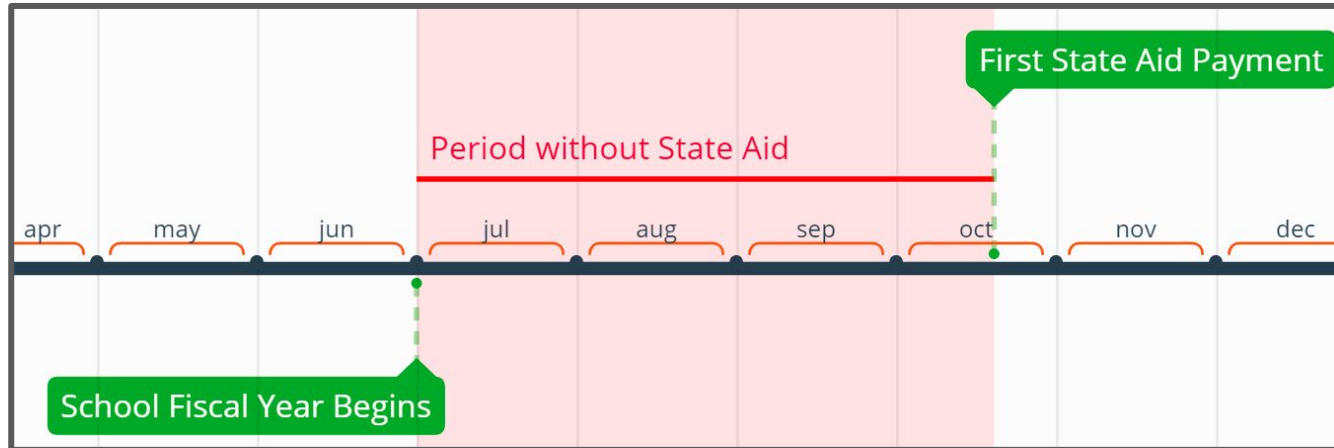
- \$1.25 million in August 2019
- \$1.25 million in June 2020

## 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

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## 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

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	<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

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## 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

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<b><u>3.0 MS/HS General Education Teachers</u></b>	<b>\$170,000</b>
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<b><u>Align Special Education caseloads to student population</u></b>	<b>\$95,000</b>
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<b><u>HS/MS instrumental music classes</u></b>	<b>\$38,000</b>
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-Combine 1 HS section

-No longer co-teach 1 MS section

**Total Savings: \$303,000**

## Summary of Recommended Reductions

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<b><u>Operational Area</u></b>	<b><u>Amount</u></b>
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Non-Instructional Budgets	\$142,000
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Administration & Administrative Support	\$110,000
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Elementary Instruction and Support	\$693,000
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Secondary Instruction and Support	\$303,000
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Total:	<u>\$1,248,000</u>
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# Prior Budget Reductions

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<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
<b>Total:</b>	<b>\$4,330,400</b>

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%
<b>Total Classroom</b>	<b>\$21,244,967</b>	<b>67.9%</b>
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%
<b>Total Expenses</b>	<b>\$31,285,614</b>	<b>100%</b>

		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								

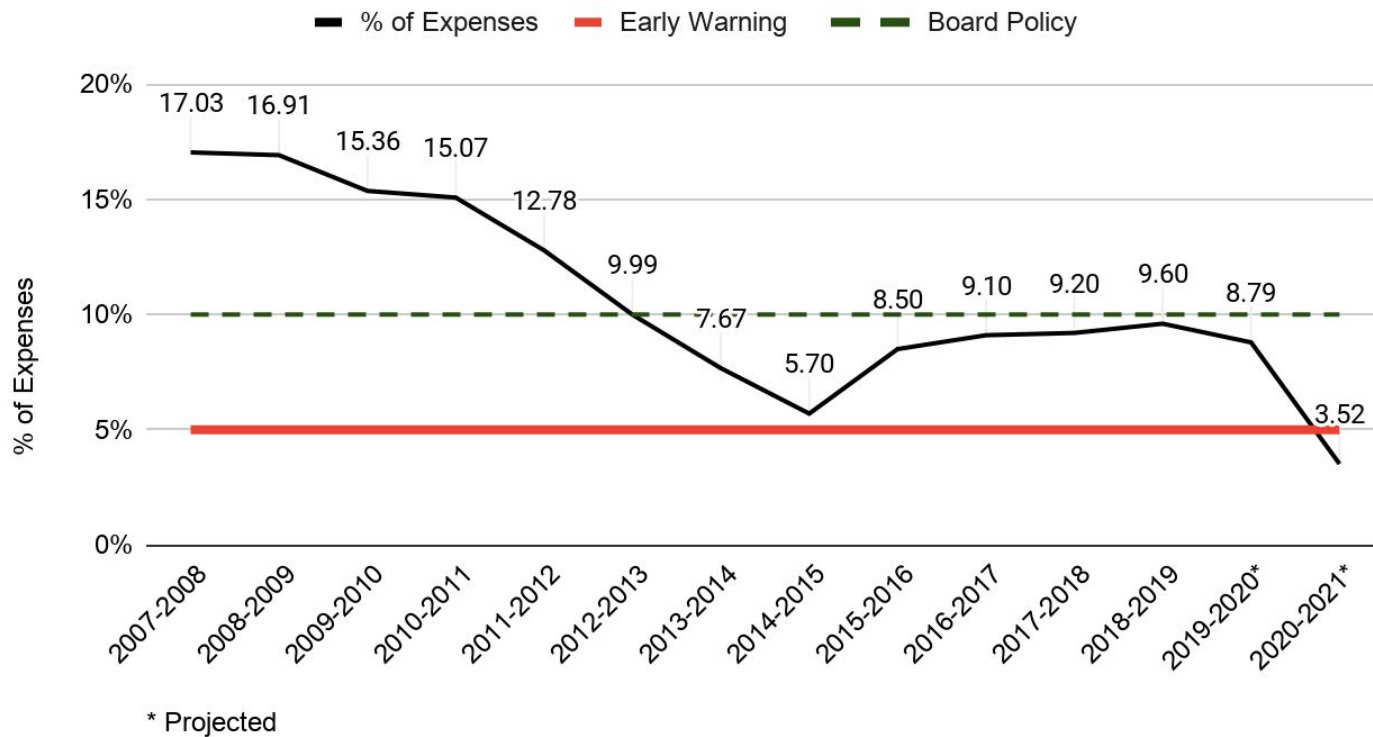
# Fund Balance

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



# Budget Revision Timeline

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- 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

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# 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>
<b>Total Revenues</b>	<b>\$234,800</b>	<b>\$253,900</b>
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>
<b>Total Expenses</b>	<b>\$810,000</b>	<b>\$859,500</b>

# 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.)
<b>Revenues</b>	\$362,000	\$367,500	\$5,500
<b>Expenses</b>			
<b>Building Repairs</b>	\$200,000	\$220,000	\$20,000
<b>Parking Lot Repairs</b>	\$0	\$60,000	\$60,000
<b>Athletic Turf Fund</b>	\$40,000	\$40,000	\$0
<b>Total Expenses</b>	\$240,000	\$320,000	\$80,000
<b>Turf Fund Reserve*</b>	\$488,950	\$528,950	\$40,000
<b>Uncommitted Reserve</b>	\$511,832	\$559,332	\$47,500
<b>Total Fund Reserve</b>	\$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*
<b>Revenues</b>	\$367,500	\$374,000	\$381,000	\$388,000	\$395,000	\$402,000
<b>Repairs</b>	\$220,000	\$220,000	\$220,000	\$220,000	\$220,000	\$220,000
<b>Athletic Turf</b>	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
<b>Parking Lots</b>	\$60,000	\$120,000	\$120,000	\$120,000	\$140,000	\$140,000
<b>Total Expenses</b>	\$320,000	\$380,000	\$380,000	\$380,000	\$400,000	\$400,000
<b>Total Ending Fund Reserve</b>	\$1,088,282	\$1,122,282	\$1,163,282	\$1,211,282	\$1,246,282	\$1,288,282
<b>Athletic Turf Reserve</b>	\$488,950	\$528,950	\$568,950	\$608,950	\$648,950	\$688,950
<b>Uncommitted Fund Reserve</b>	\$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.)
<b>Tax Collections</b>	\$7,624,506	\$7,977,142	\$352,636
<b>SLRF</b>	<u>\$2,687,037</u>	<u>\$1,451,312</u>	<u>\$ (1,235,726)</u>
<b>Total Revenues</b>	\$10,311,544	\$9,428,454	\$ (883,090)
<b>Expenses</b>	\$10,311,544	\$9,428,454	\$ (883,090)
<b>Net Change</b>	\$0	\$0	
<b>End Fund Reserve</b>	\$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
<b>Revenues</b>	\$491,539	\$465,000
<b>Expenses</b>	\$463,157	\$465,000
<b>Net Change</b>	\$28,382	\$0
<b>Beginning Reserve</b>	\$391,608	\$419,990
<b>End Fund Reserve</b>	\$419,990	\$419,990

## **Additional Information and Historical Trends**

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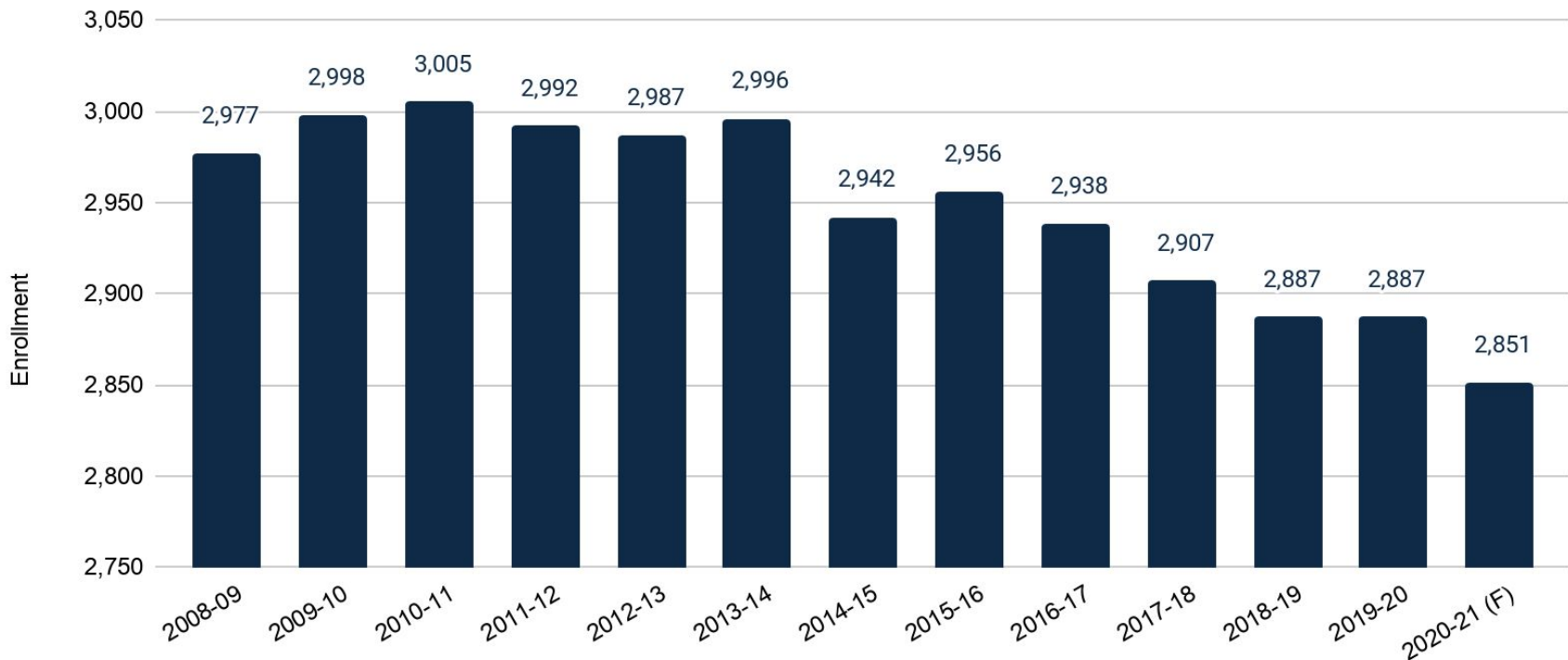
# Preschool & Childcare Performance History

- 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

										Final Amendment	Proposed
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Total Revenues</b>	\$510,547	\$655,523	\$637,299	\$631,577	\$703,621	\$774,379	\$734,092	\$889,105	\$835,095	\$567,479	\$680,595
<b>Total Expenditures</b>	\$453,476	\$565,727	\$671,034	\$647,962	\$666,820	\$607,075	\$607,460	\$627,078	\$617,785	\$642,554	\$680,595
<b>Excess Revenue (Expenditure)</b>	\$57,071	\$89,796	-\$33,735	-\$16,385	\$36,802	\$167,304	\$126,632	\$262,027	\$217,310	-\$75,075	\$0

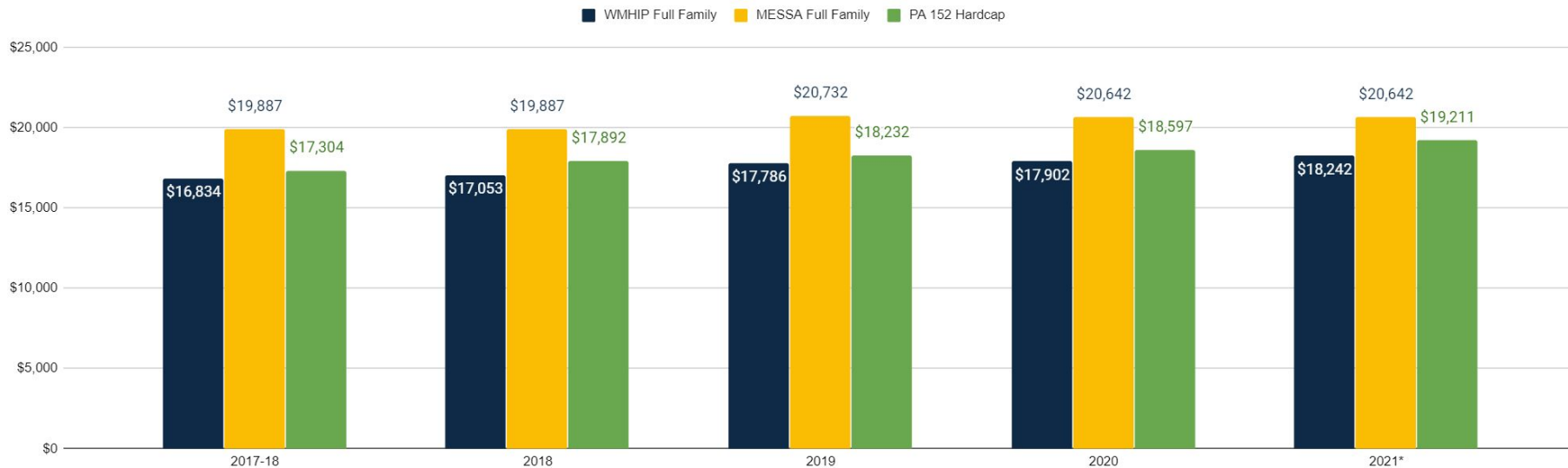
# Enrollment Trend

## 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.

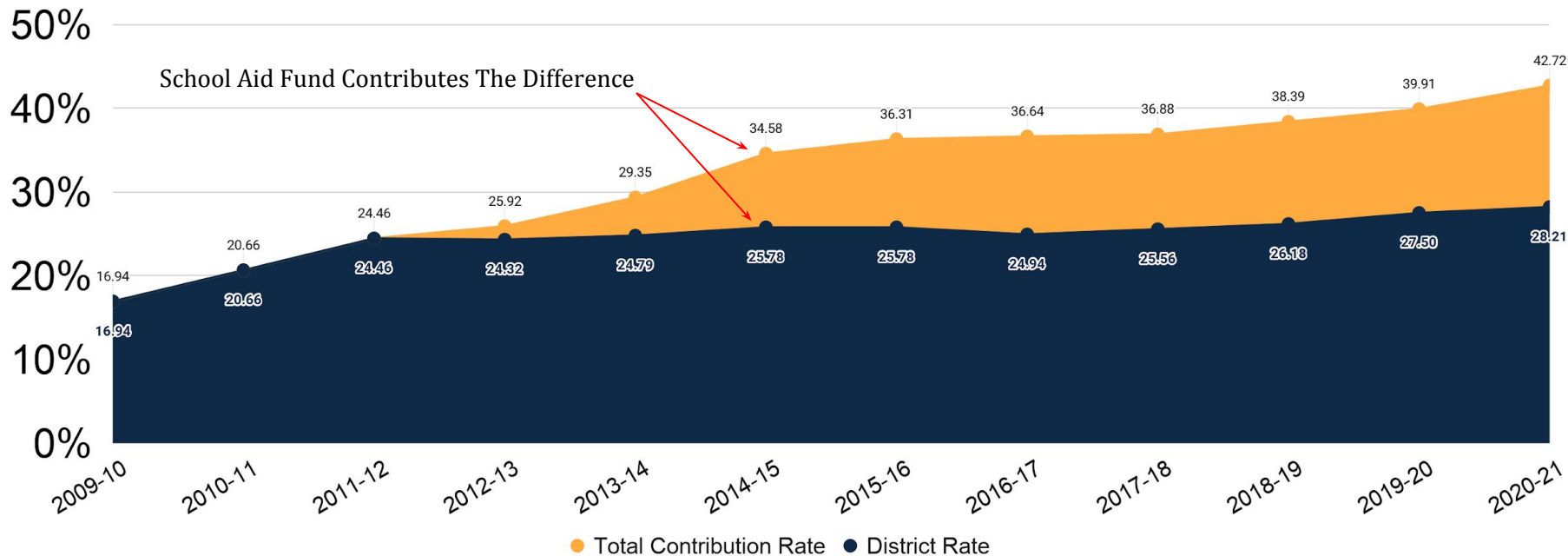
\*2021 WMHIP rates will increase 1.9% and remain below the PA 152 Hardcap.

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

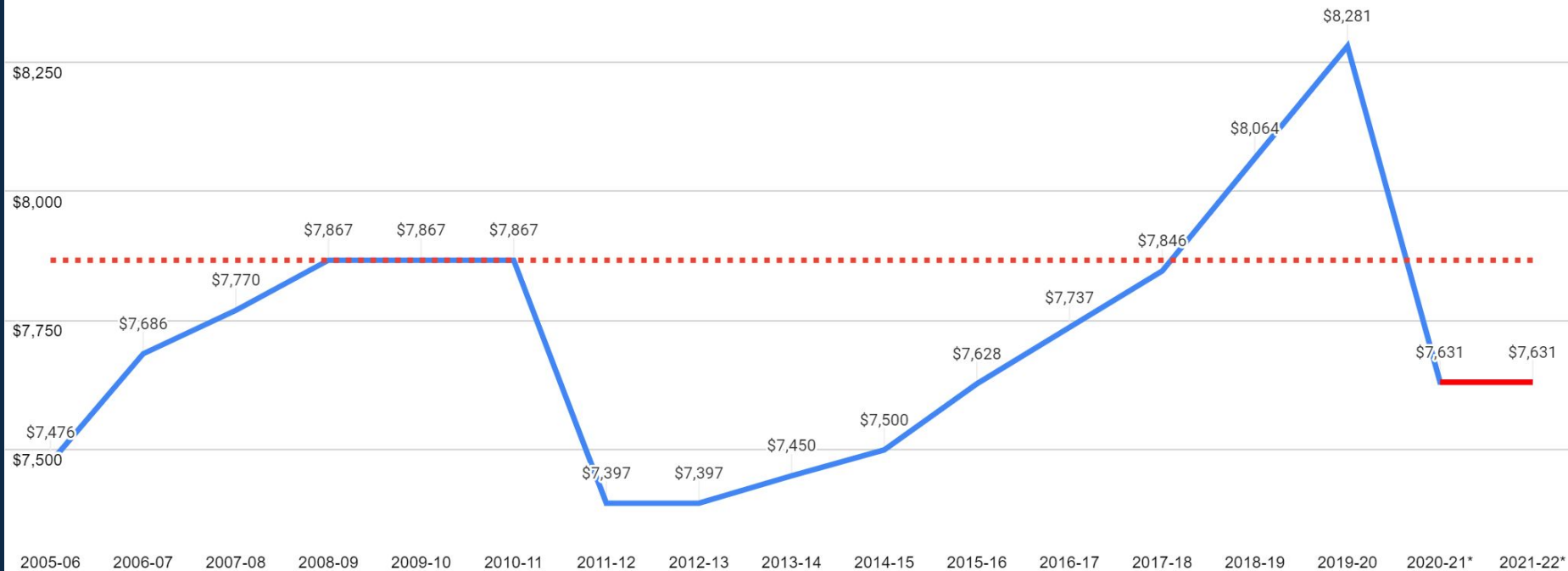
Percentage paid for each dollar of covered wages



# Funding Below 2006-07 Levels

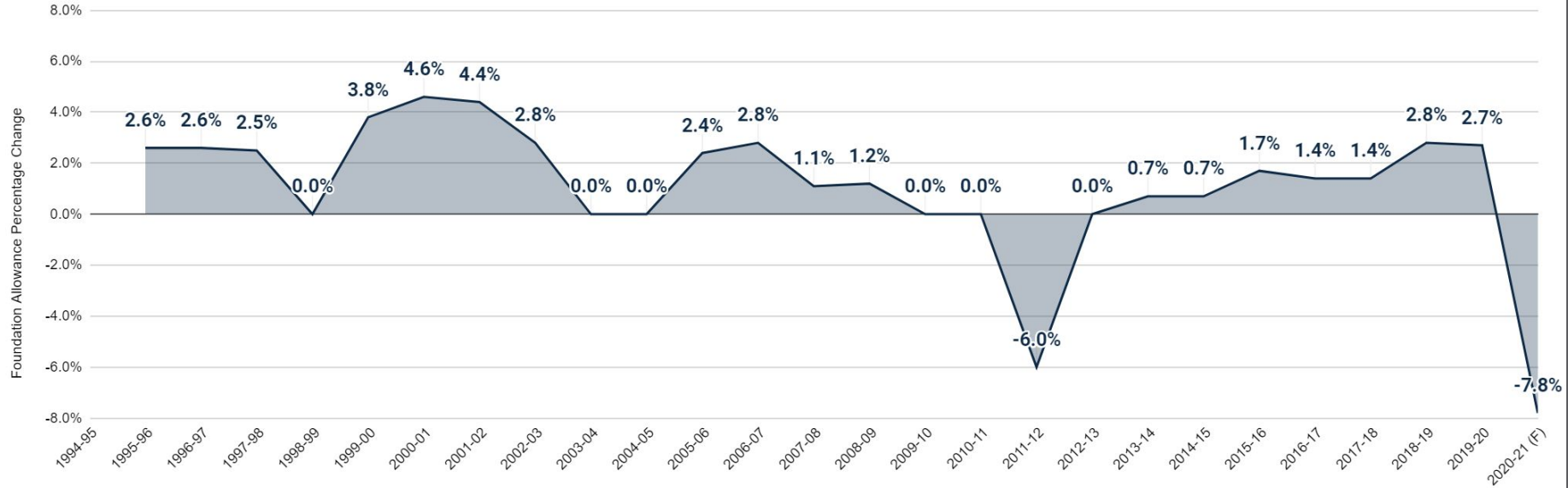
## Per Pupil Foundation Allowance: 15-year History

\*\* Projection based on May '20 Revenue Estimating Conference



# Foundation Allowance History

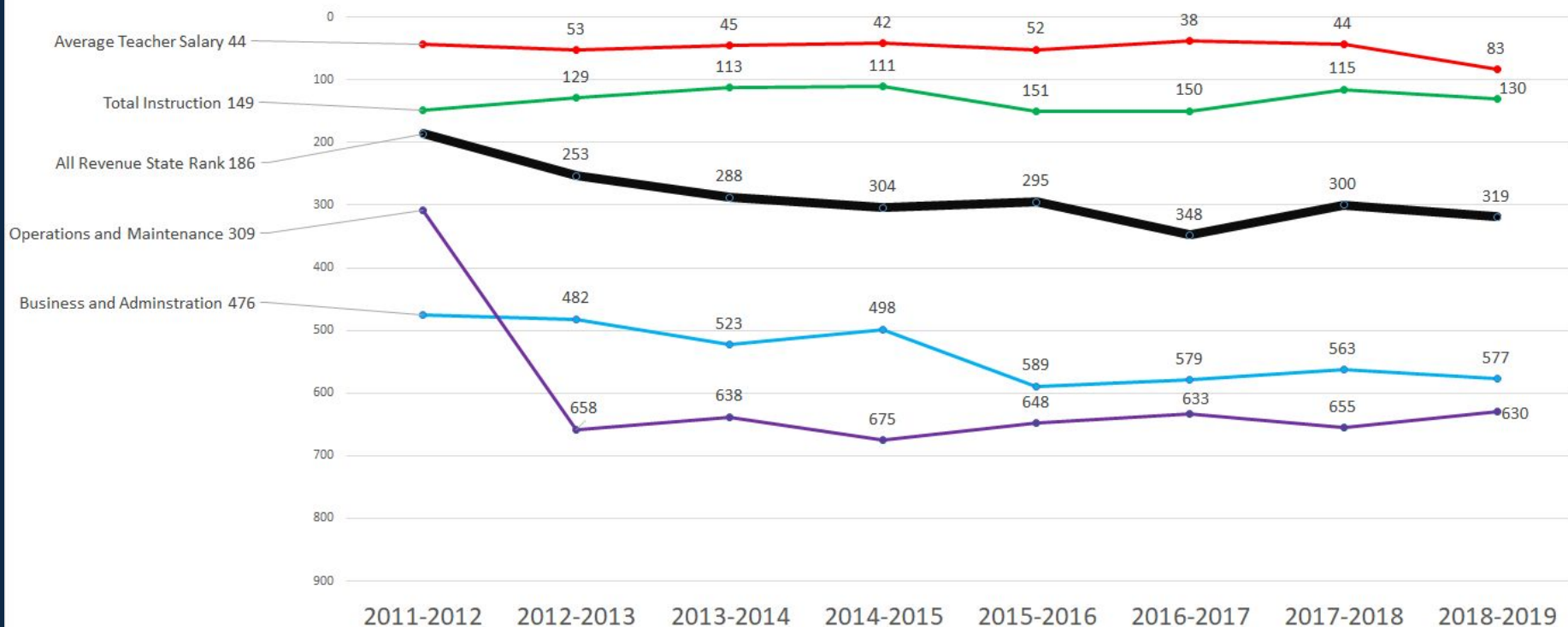
EGRPS Foundation Allowance Percentage Change





# 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

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- **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?