



East Grand Rapids Public Schools

Community Budget Guide 2017-2018 Fiscal Year

*Educating and inspiring each student to navigate
successfully in a global community*

www.egrps.org

Message from the Superintendent

November 2017

Dear East Grand Rapids Public Schools Community,

The East Grand Rapids Public Schools' (EGRPS) annual Community Budget Guide is designed as an educational tool for our families, staff, and the greater East Grand Rapids community. The Board of Education and administration endeavor to provide continued transparency and relevant information throughout the Community Budget Guide which takes into consideration the complexities and challenges surrounding the development of the district's annual budget.

The 2017-2018 Community Budget Guide includes information regarding our current revenues, expenses, projections, fund reserves, and millages, as well as historical trends. As a district, we take pride in the fact that our financial data (page 3) annually denotes the emphasis placed by the Board of Education and administration on prioritizing the allocation of revenues into programs and services that directly impact teaching and learning. Prior years' Community Budget Guides which outlined the budget processes, reductions, financial information, and historical trends can be found [here](#).

In addition to the annual state per-pupil foundation allowance the district receives, our budget process has been supported through the generosity of our community through the EGR Schools Foundation EGRNow! campaigns, and more recently through the Kent County Enhancement Millage which was approved on May 2, 2017. Consequently, the Board of Education was able to approve a balanced budget for the 2017-2018 fiscal year with no budget reductions through a combination of revenues which included the state per-pupil foundation allowance, EGRNow!, and the enhancement millage. Recently the amended budget for the current 2017-2018 school year was approved and we are confident that, through additional budget efficiencies over the remainder of the school year, we will again finish this fiscal year structurally balanced.

Over the next couple of months we will begin preparations for the 2018-2019 fiscal year (July 1-June 30) budget process and continue our focus on maintaining a structurally balanced budget with minimal or no use of the district's essential fund reserves (pages 9 and 10). The Board of Education and administration welcome input in providing recommendations throughout the budget process concerning allocation of the district's financial resources. Our goal continues to be to maintain programs and services which significantly impact the effective teaching and learning environments we strive for in EGRPS.

Again, we encourage you to be actively engaged throughout the school year and to continue learning about the EGRPS annual budget process through attendance at Board of Education meetings, PTO meetings, and reviewing district communications. On behalf of the Board of Education and administration, we thank you for the ongoing support for our students, staff, and district as we collaboratively strive to maintain the Tradition of Excellence in East Grand Rapids Public Schools.

With much gratitude,



Sara Magaña Shubel, Ph.D., Superintendent
Email: sshubel@egrps.org

Revenue Sources

Budget Basics Information

Per-Pupil Foundation Allowance

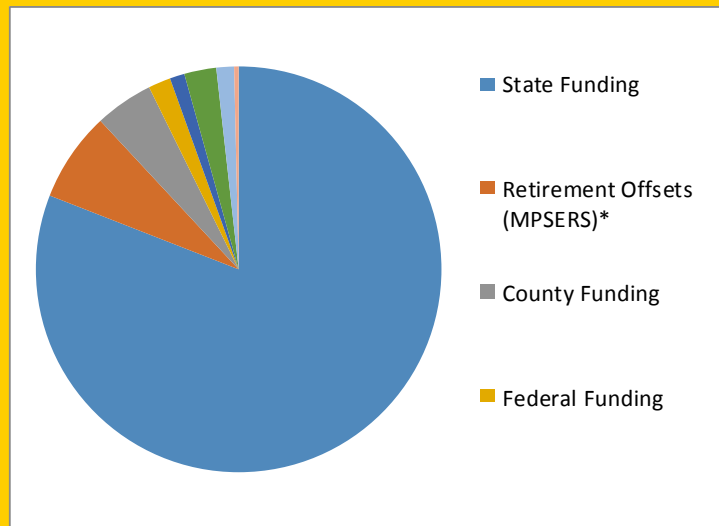
The state foundation allowance is the district's major source of funding which was created in 1994 (Proposal A). In the last few years, other sources of state funding have been provided in lieu of further increases to the foundation allowance. They include funding to offset the cost of the state retirement program, grants for complying with best business practices, and showing improvement in student testing performance. The best business practices and student test performance grants were eliminated for 2015-2016. Below is a history of the foundation allowance since the beginning of Proposal A.

Fiscal Year	Foundation Allowance	Total Increase/Decrease
1994-1995	\$5,800	N/A
1995-1996	\$5,953	\$153
1996-1997	\$6,108	\$155
1997-1998	\$6,262	\$154
1998-1999	\$6,262	\$0
1999-2000	\$6,500	\$238
2000-2001	\$6,801	\$301
2001-2002	\$7,101	\$300
2002-2003	\$7,301	\$200
2003-2004	\$7,301	\$0
2004-2005	\$7,301	\$0
2005-2006	\$7,476	\$175
2006-2007	\$7,686	\$210
2007-2008	\$7,770	\$84
2008-2009	\$7,867	\$97
2009-2010	\$7,867	\$0
2010-2011	\$7,867	\$0
2011-2012	\$7,397	(\$470)
2012-2013	\$7,397	\$0
2013-2014	\$7,450	\$53
2014-2015	\$7,500	\$50
2015-2016 *	\$7,628	\$128 *
2016-2017	\$7,737	\$109
2017-2018	\$7,846	\$109

* In 2015-2016, the Best Practices and Student Performance grants were eliminated. Despite the \$128 increase in the foundation allowance, the actual net increase in total state funding for EGRPS was \$25 per student in 2015-2016.

EGRPS Revenue Sources 2016-2017 School Year

State Funding for Operations	\$23,298,584
Retirement Offsets (MPSERS) *	\$2,056,340
County Funding	\$1,340,501
Federal Funding	\$512,962
Co-curricular	\$338,586
Early Childhood Tuition & Fees	\$734,985
EGRNow!	\$406,000
EGR Schools Foundation Grants	\$103,197
City of East Grand Rapids **	\$179,017
Others	<u>\$399,017</u>
Total	\$29,369,189



Annual funding is determined by the state Legislature through the State School Aid Act. Funding for K-12 school districts is primarily a state funded model and 79% of EGRPS revenue comes from the state. Under Proposal A local school districts can only request support from the community for tax initiatives for capital improvements. Local tax initiatives to support day-to-day operational expenses are not allowable on an individual school district basis.

* Retirement offsets (MPSERS) represent state funding that has been dedicated to reduce the increase in state mandated retirement.

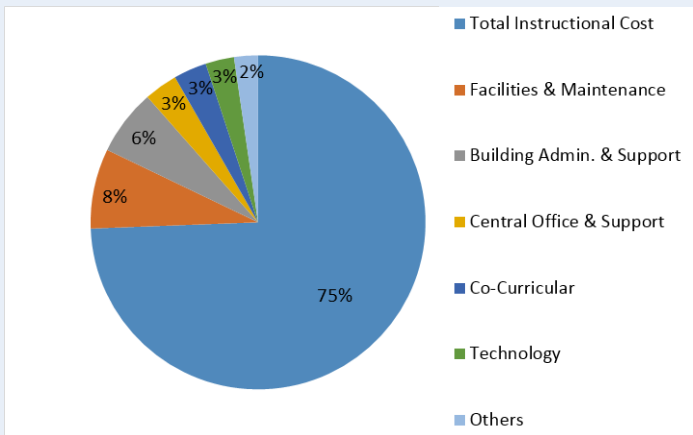
** City of East Grand Rapids revenue represents the reimbursement of 50% of the expenses incurred to operate the community pool at the high school.

Revenue Allocation

EGRPS Expenses 2016-2017 School Year

Instructional		
Elementary	\$7,297,041	25.0%
Middle School	\$4,249,680	14.6%
High School	\$5,664,237	19.4%
Special Education	\$2,535,561	8.7%
Instructional Support	\$1,352,904	4.6%
Early Childhood	<u>\$600,777</u>	<u>2.1%</u>
Total Instructional	\$21,700,200	74.4%
Non-Instructional		
Facilities & Maintenance	\$2,256,275	7.7%
Building Admin. & Support	\$1,858,158	6.4%
Central Office Admin. & Support	\$941,283	3.2%
Co-Curricular	\$931,600	3.2%
Technology	\$804,986	2.8%
Others	<u>\$671,281</u>	<u>2.3%</u>
Total Non-Instructional	\$7,463,583	24.6%
Total Expenses	\$29,163,783	100.0%

Instructional vs. Non-Instructional Expenses 2016-2017

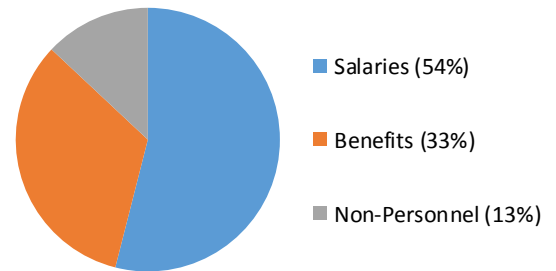


The district's priority is to allocate revenue directly into the classroom and other educational opportunities for students. When combining total instructional expenses and co-curriculars, which are school sponsored activities outside of the school day, the district spent 78% of its revenue on educational opportunities for students.

Personnel Expenses 2016-2017 School Year

Salaries	\$15,737,167	54.0%
Retirement (MPSERS)*	\$5,424,913	18.6%
Medical	\$2,735,081	9.4%
Soc. Sec./Medicare	\$1,034,441	3.5%
Dental	\$325,344	1.1%
Life/LTD/Worker's Comp	<u>\$114,181</u>	<u>0.4%</u>
Total Personnel	\$25,371,127	87.0%
Non-Personnel **	<u>\$3,792,656</u>	<u>13.0%</u>
Total Expenses	\$29,163,783	100.0%

Personnel Expenses 2016-2017



Teaching and learning is our priority, and the majority (87%) of the district's budget is spent on personnel costs.

* The state mandated retirement (MPSERS) expenses have risen dramatically. **EGRPS retirement costs were \$2,634,789 in 2009-2010 and \$5,424,913 in 2016-2017 reflecting a 106% increase over seven years.** To reduce the impact on the district the state utilized \$2,056,340 of school funding resources to lower "net retirement costs" to \$3,368,573 or a "net increase of 28%" over seven years.

** Examples of Non-Personnel Expenses:

- Utilities
- Teaching Supplies & Textbooks
- Business Expenses (Audit, Legal, Risk Mgmt. Insurance)
- Custodial & Maintenance Supplies
- Capital Outlay Purchases
- Technology License Fees

Revenue Comparisons

The comparison data represented is from the state's [Bulletin 1014](#) report, which ranks school district spending in main budget categories. The data reflects per-pupil spending for the 2015-2016 school year (most current data available).

Like Districts in Michigan Comparison Per-Pupil Revenue 2015-2016

Per-Pupil Funding	Local Sources*	State Sources**	Federal Sources***	Total
Bloomfield Hills	\$7,569	\$7,660	\$349	\$15,591
Birmingham	\$6,858	\$7,310	\$273	\$14,558
Grosse Pointe	\$3,531	\$8,462	\$333	\$12,325
West Bloomfield	\$2,967	\$7,864	\$355	\$11,562
Forest Hills	\$2,712	\$7,591	\$199	\$10,539
East Lansing	\$3,456	\$6,809	\$209	\$10,477
Okemos	\$2,763	\$7,256	\$126	\$10,234
East Grand Rapids	\$1,477	\$8,117	\$153	\$9,932
Spring Lake	\$2,244	\$7,411	\$231	\$9,893

* **Local:** All general fund revenue produced within district boundaries, including non-homestead tax collections, early childhood tuition and fees, and facility rentals
 ** **State:** All revenue received from the state
 *** **Federal:** All revenue provided by the federal government, primarily special education, Title I and Title II programs

Kent County Districts Comparison Per-Pupil Revenue 2015-2016

Per-Pupil Funding	Local Sources*	State Sources**	Federal Sources***	Total
Grand Rapids	\$3,027	\$7,008	\$1,383	\$11,788
Godwin Heights	\$2,657	\$7,956	\$665	\$11,296
Northview	\$2,540	\$7,912	\$394	\$10,860
Forest Hills	\$2,712	\$7,591	\$199	\$10,539
Kent City	\$1,408	\$8,268	\$789	\$10,493
Kentwood	\$2,825	\$6,715	\$779	\$10,361
Kelloggsville	\$2,204	\$7,377	\$742	\$10,323
Wyoming	\$2,363	\$6,916	\$1,020	\$10,318
Godfrey Lee	\$1,256	\$8,279	\$673	\$10,208
Comstock Park	\$2,055	\$7,554	\$583	\$10,205
Kenowa Hills	\$3,848	\$5,762	\$444	\$10,088
East Grand Rapids	\$1,477	\$8,117	\$153	\$9,932
Caledonia	\$2,302	\$7,329	\$262	\$9,899
Grandville	\$2,766	\$6,631	\$328	\$9,849
Rockford	\$1,795	\$7,720	\$224	\$9,743
Cedar Springs	\$1,385	\$7,874	\$438	\$9,719
Byron Center	\$2,148	\$7,283	\$244	\$9,677
Sparta	\$1,796	\$7,339	\$514	\$9,671
Lowell	\$1,476	\$7,582	\$239	\$9,327
Thornapple Kellogg	\$1,501	\$7,560	\$313	\$9,394

In 1994 Michigan voters approved Proposal A which revamped how schools are funded. Fundamentally Proposal A created a state school funding model that replaced the local school district taxation model. Proposal A established a minimum per-pupil foundation allowance, more equity among local school districts, lower property taxes, and more school accountability. It also eliminated the ability of a local community to raise taxes (millage) to provide additional operational funding (instructional) for its school district once the foundation allowance was established with the exception of "hold-harmless" districts.

To reduce funding disparities among school districts a minimum per-pupil foundation allowance was established for each district in the state. This per-pupil allowance was influenced by the amount of funding a district received prior to the passage of Proposal A which meant that districts with higher property values before Proposal A were assigned a higher foundation allowance. Thus the reason why many of the districts in the Like District comparison category receive a larger per-pupil foundation allowance than East Grand Rapids Public Schools. For the current 2017-2018 fiscal year the minimum foundation allowance from the state is \$7,631 per pupil, and the maximum foundation allowance is \$8,289 per pupil. East Grand Rapids Public Schools will receive \$7,846 per pupil. Districts that receive over \$8,289 per pupil are considered "hold-harmless districts in Proposal A" and allowed by law to levy additional mills with voter approval to meet their prescribed foundation allowance.

Proposal A dramatically decreased the amount of property taxes paid by Michigan residents and limited future increases. In 1994 homeowners and businesses were paying 33 mills on average for school operating purposes. Proposal A reduced school operating mills levied on homeowners to 6 mills with the potential for an additional 18 mills to be levied on non-homestead properties. For additional school funding information, please see the Senate Fiscal Agency [The Basics of School Funding](#) or visit the Michigan.gov [website](#).

Expense Comparisons

The comparison data represented is from the state's [Bulletin 1014](#) report, which ranks school district spending in main budget categories. The data reflects per-pupil spending for the 2015-2016 school year (most current data available).

Kent County Districts Comparison Per-Pupil Expenses 2015-2016

	Basic Programs	Added Needs	Inst. Support	Admin.	Operations & Mgmt.	Total Gen Fund	Avg. Teacher Salary
Kent City	\$5,089	\$1,318	\$1,027	\$1,296	\$835	\$10,482	\$62,446
Grand Rapids	\$4,604	\$1,612	\$1,704	\$1,652	\$1,147	\$11,586	\$54,690
Godwin Heights	\$6,350	\$1,473	\$1,107	\$1,106	\$1,361	\$11,806	\$65,205
Forest Hills	\$5,856	\$799	\$1,169	1,069	\$857	\$10,443	\$66,888
Northview	\$5,435	\$1,580	\$1,122	\$1,294	\$827	\$10,871	\$61,310
Wyoming	\$5,188	\$1,570	\$972	\$907	\$662	\$10,223	\$67,713
Godfrey Lee	\$4,676	\$1,485	\$1,511	\$1,204	\$708	\$10,035	\$52,523
Kentwood	\$5,313	\$1,489	\$1,040	\$1,078	\$889	\$10,330	\$65,336
Kenowa Hills	\$5,142	\$1,373	\$956	\$1,089	\$728	\$10,058	\$64,613
Kelloggsville	\$4,893	\$1,375	\$750	\$1,386	\$728	\$9,779	\$68,338
East Grand Rapids	\$6,117*	\$517	\$922	\$1,173	\$719	\$9,683	\$68,269
Caledonia	\$5,423	\$992	\$734	\$1,038	\$795	\$9,819	\$64,205
Comstock Park	\$5,246	\$1,754	\$1,090	\$1,125	\$648	\$10,567	\$63,575
Byron Center	\$4,194	\$533	\$651	\$1,558	\$706	\$9,481	\$65,634
Sparta	\$5,103	\$1,365	\$868	\$1,003	\$681	\$9,596	\$69,103
Cedar Springs	\$4,712	\$1,411	\$768	\$1,271	\$686	\$9,771	\$61,803
Rockford	\$5,310	\$971	\$802	\$1,001	\$756	\$9,725	\$63,937
Grandville	\$5,516	\$977	\$941	\$1,003	\$755	\$9,868	\$69,156
Thornapple Kellogg	\$5,107	\$1,060	\$920	\$849	\$729	\$9,343	\$66,175
Lowell	\$5,015	\$882	\$723	\$972	\$870	\$9,438	\$62,377

Category Guide

Basic Programs

The classroom costs related to basic instructional programs. Includes personnel & non-personnel costs.

Added Needs

Special Education classroom and Federal programs

Instructional Support

Curriculum, speech, media center, social work, guidance

Administration

Building and central office administration & support

Operations & Management

All building & maintenance costs, including utilities

Total General Fund

All General Fund expenses

Average Teacher Salary

The average total salary per teacher

Like Districts in Michigan Comparison Per-Pupil Expenses 2015-2016

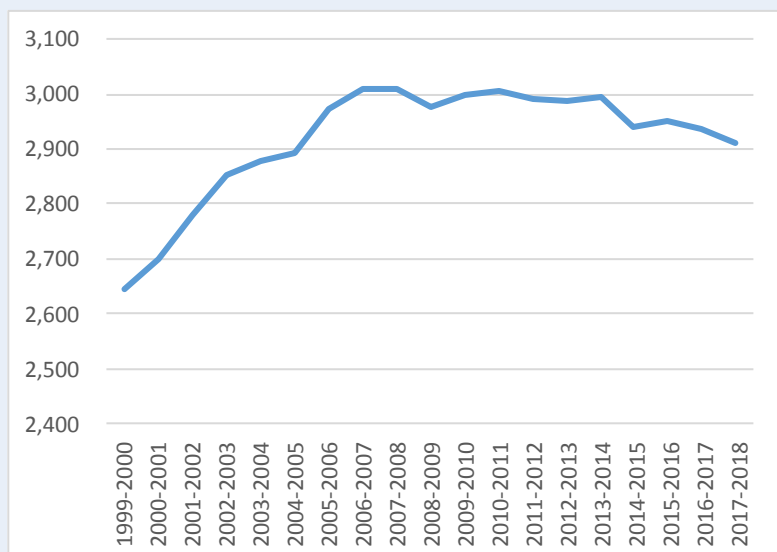
District Name	Basic Programs	Added Needs	Inst. Support	Admin.	Operations & Mgmt.	Total Gen Fund	Avg. Teacher Salary
Bloomfield Hills	\$8,302	\$1,366	\$1,817	\$1,764	\$1,308	\$15,747	\$73,702
Birmingham	\$7,346	\$1,665	\$1,932	\$1,640	\$1,045	\$14,351	\$73,420
Grosse Pointe	\$6,715	\$1,425	\$1,396	\$1,316	\$1,317	\$12,405	\$74,562
East Grand Rapids	\$6,117*	\$517	\$922	\$1,173	\$719	\$9,683	\$68,269
Forest Hills	\$5,856	\$799	\$1,169	\$1,069	\$857	\$10,443	\$66,888
Okemos	\$5,793	\$1,194	\$1,062	\$1,165	\$879	\$10,226	\$62,834
Spring Lake	\$5,562	\$1,207	\$814	\$1,088	\$683	\$9,782	\$64,989
West Bloomfield	\$5,378	\$1,545	\$1,238	\$1,340	\$680	\$10,737	\$66,751
East Lansing	\$5,254	\$1,130	\$1,319	\$1,010	\$973	\$9,990	\$62,525

The districts with the highest level of spending in each category are highlighted.

* The EGRPS basic program amount of \$6,117 spent per pupil represents 63% of our total general fund expenses per pupil. By comparison, Bloomfield Hills spent \$8,302 per pupil on basic programs which represents 53% of their total general fund expenses per pupil.

Student Enrollment History

EGRPS Enrollment History



Blended Full Time Equivalent* (FTE)

1999-2000	2,646
2000-2001	2,700
2001-2002	2,778
2002-2003	2,854
2003-2004	2,878
2004-2005	2,893
2005-2006	2,972
2006-2007	3,009
2007-2008	3,010
2008-2009	2,977
2009-2010	2,998
2010-2011	3,005
2011-2012	2,992
2012-2013	2,987
2013-2014	2,996
2014-2015	2,940
2015-2016	2,952
2016-2017	2,938
2017-2018	2,910
2018-2019 (forecast)	2,875
2019-2020 (forecast)	2,850
2020-2021 (forecast)	2,825
2021-2022 (forecast)	2,810

* Blended FTE is calculated using 10% of the prior spring student count and 90% of the current year (fall student count)

EGRPS 2017-2018 Enrollment

Grade Level	Enrollment
Early Childhood Sp Ed	11
Kindergarten	192
1st Grade	177
2nd Grade	197
3rd Grade	205
4th Grade	217
5th Grade	237
6th Grade	200
7th Grade	238
8th Grade	225
9th Grade	246
10th Grade	259
11th Grade	244
12th Grade	262
Total	2,910

District enrollment reflects an increase during the years from 2000 to 2006, steady enrollment through 2014, and then declining enrollment. The increase during 2000 to 2006 primarily reflects the introduction of Schools of Choice students. EGRPS participates in Schools of Choice annually, and the administration takes a thorough approach to determine the number of openings available in each grade level, striving to keep the elementary grade level placements equitable across the district. Schools of Choice openings over the last several years have been primarily limited to the elementary grade levels.

The decline in enrollment since 2014 can be attributed to lower birth rates in Kent County and the state of Michigan beginning in 2009. Birth rate trends have stabilized, but at a lower level than prior to 2009. The current birth rate trends are not sufficient to offset the number of students who will graduate over the next few years; therefore, we are projecting a continued decrease in EGRPS enrollment. Even considering a continued trend of moderate Schools of Choice openings, the district anticipates enrollment to decrease to approximately 2,800 in the next four years, which will result in a decrease in state revenue.

Salary and Health Benefits

Employees by Category

Category	2008-2009	2017-2018
Administrators	16	14
Teachers	183	170
Secretaries	18	15
Paraeducators	37	36
Technology	7	5
Custodial/Maint.	22	18
Transportation	3	0
Food Service	13	10
Teacher Assistants	3	0
Other	38	10
Total *	340	278

* The total number of employees has decreased due to budget reductions (programs and services) as well as the outsourcing of some positions. The largest personnel reductions have occurred in the Teachers and Other categories. The reduction in Teachers category reflects decreased student enrollment, program reductions, and a reduction in the number of special education students. Reductions in the Other category reflects the outsourcing of early childhood school and child care) and central office positions.

Increase/(Decrease) in Base Salary/Wages

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Teacher	1.00% + Step	0.00% + Step	0.00%	0.00% + Step	0.00%	0.00%	1.00%
Admin.	(2.00%)	1.00% + Step	0.00%	0.00% + Step	0.00%	(2.00%)	1.00%
Custodian	(15.00%)	0.00% + Step	1.00%	1.00% + Step	0.00%	0.00%	1.00%
Support Staff	1.00% + Step	0.00% + Step	0.00%	1.00% + Step	0.00%	0.00%	1.00%

Base salaries and wages have been constant or reduced over the last seven years due to the reduction in state revenue.

Total cost for all district employees:

- **1% increase** - cost \$200,000 (\$150,000 in salaries/wages) when including mandated state retirement costs and federal Social Security and Medicare taxes.
- **Step increase** - cost is approximately 2.1% of the total salaries/wages expenses. Total cost is \$420,000 (\$315,000 salaries/wages) when including state retirement, Social Security, and Medicare costs.

Step increases (+step) within a salary scale have only been granted three out of the last seven years due to state revenue received. It currently requires \$70 per student in state funding to offset the cost of a 1% increase, and \$145 per student in state funding to offset the cost of a step increase. The district has not received an increase in per-pupil state funding of \$145 or greater since the 2006-2007 school year. The lack of substantive increases in state funding has made it very challenging to provide district employee increases in compensation, let alone increases that keep pace with the cost of living. Long-term, if the state continues to provide minimal increases in state funding, recruiting and retaining quality teachers and employees will be extremely difficult.

Health Benefits: Public Act 152 of 2011 regulates the amount a public employer can pay toward employee medical benefit plans per year. The maximum amount that can be spent in 2017 is \$6,345 for a single plan, \$13,269 for a two-person plan, and \$17,304 for a family plan. Employees are responsible for any costs above the state maximum contribution per plan. The maximum amounts are increased annually by the state based on the percentage change in the medical care component of the Consumers Price Index and the 2018 increase will be 3.4%. In 2018 Michigan Education Special Services Association (MESSA) will be adjusting its plan year to a calendar year cycle (January 1 to December 31) and the increase in state maximum contribution will take effect on January 1. The Western Michigan Health Insurance Pool (WMHIP) currently utilizes a fiscal plan year (July 1 to June 30); therefore, the 2018 maximum contributions are not in effect until July 1 for the WMHIP plan.

The district currently offers two health care programs for employees:

- Employees who are members of a collective bargaining group (teachers and building level support staff) participate in the MESSA ABC1 High Deductible Plan. The ABC1 plan includes a \$1,350 deductible for the single plan, and a \$2,700 deductible for the two-person plan or full family plan. The MESSA plan's network is provided through Blue Cross Blue Shield.
- Administrators and central office support staff participate in the WMHIP, a regional public employer self-funded insurance pool. Employees participating in the WMHIP program also have a \$1,350 deductible for the single plan, and a \$2,700 deductible for the two-person plan or full family plan. The WMHIP plan's network is provided through Priority Health.

Health Insurance

	2018	2018 Employer	2018 Employee
	<u>Annual Premium</u>	<u>Premium Contribution</u>	<u>Premium Contribution</u>
<u>MESSA (\$1,350/\$2,700 deductible)</u>			
Single	\$7,114	\$6,561	\$553
Two Person	\$15,984	\$13,720	\$2,264
Family	\$19,887	\$17,892	\$1,995
	2018	2017 Employer	2017 Employee
	<u>Annual Premium</u>	<u>Premium Contribution</u>	<u>Premium Contribution</u>
<u>WMHIP (\$1,350/\$2,700 deductible)</u>			
Single	\$6,012	\$6,012	\$0
Two Person	\$13,527	\$13,269	\$258
Family	\$16,834	\$16,834	\$0

Once the deductible is met, all services are covered at 100% in network with the exception of prescription drugs, which have a \$10 co-pay for generic prescriptions and \$40 for brand name prescriptions.

Revenue & Expense Trends

Despite maintaining consistent student enrollment, the district's general fund net revenues and expenses have decreased over the last six years.

- Revenues are lower due to the reduction in the annual State of Michigan funding.
- Expenses are lower due to the significant budget cuts and reductions made to maintain financial stability. These budget cuts and reductions over time were due to the decrease in state funding and rising retirement costs.

Revenues	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
State Funding	\$22,715,629	\$23,186,397	\$22,895,463	\$22,870,222	\$23,089,783	\$23,548,896	\$23,986,362	\$24,201,737
County Funding *	\$1,453,512	\$1,355,690	\$1,400,603	\$1,359,362	\$1,337,150	\$1,409,775	\$1,261,028	\$1,340,501
Federal Funding	\$464,090	\$446,396	\$474,949	\$377,512	\$465,592	\$458,560	\$540,917	\$512,962
Federal Stimulus	\$1,061,528	\$653,780	\$496,896	\$0	\$0	\$0	\$0	\$0
Co-Curricular	\$325,928	\$316,625	\$285,821	\$297,478	\$341,732	\$333,236	\$351,866	\$338,586
Early Childhood Tuition & Fees	\$438,547	\$510,547	\$655,523	\$637,299	\$631,577	\$703,621	\$774,379	\$734,985
EGRNow! **	\$0	\$0	\$0	\$520,470	\$270,855	\$145,400	\$255,310	\$406,000
Total Revenues	\$27,834,153	\$28,005,362	\$27,408,436	\$27,715,769	\$28,096,177	\$28,482,253	\$29,352,069	\$29,369,189
Less Retirement Offsets ***	\$0	\$0	(\$304,634)	(\$618,763)	(\$1,058,811)	(\$1,700,941)	(\$1,934,319)	(\$2,056,340)
Net Revenues	\$27,834,153	\$28,005,362	\$27,103,802	\$27,097,006	\$27,037,366	\$26,781,312	\$27,417,750	\$27,312,849
Expenses	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Salaries (incl. Contracted Svc)	\$16,868,864	\$16,214,803	\$16,270,036	\$16,447,889	\$16,436,707	\$16,263,243	\$15,327,499	\$15,737,167
Medical, Dental, Vision, Life,	\$3,420,065	\$3,371,578	\$3,534,744	\$3,011,455	\$2,996,948	\$3,016,873	\$3,012,719	\$3,174,606
Retirement (MPSERS)	\$2,634,789	\$3,100,865	\$3,730,146	\$4,145,622	\$4,572,726	\$5,479,796	\$5,452,209	\$5,424,913
Social Security/Medicare	\$1,191,355	\$1,184,475	\$1,184,615	\$1,166,731	\$1,180,599	\$1,211,194	\$1,031,247	\$1,034,441
Co-Curricular	\$913,082	\$857,544	\$745,966	\$780,660	\$784,264	\$927,400	\$946,120	\$931,600
Utilities	\$974,246	\$965,198	\$904,821	\$1,004,683	\$1,090,147	\$1,039,018	\$1,104,538	\$1,107,197
Capital Outlay & Technology	\$95,572	\$130,078	\$138,451	\$227,326	\$141,924	\$36,715	\$20,965	\$81,276
Teaching Supplies & Textbooks	\$237,156	\$181,469	\$202,599	\$176,424	\$313,952	\$283,463	\$293,730	\$239,467
Total Expenses	\$28,326,870	\$28,193,360	\$28,078,187	\$28,416,035	\$28,717,076	\$29,410,484	\$28,614,857	\$29,136,783
Less Retirement Offsets ***	\$0	\$0	(\$304,634)	(\$618,763)	(\$1,058,811)	(\$1,700,941)	(\$1,934,319)	(\$2,056,340)
Net Expenses	\$28,326,870	\$28,193,360	\$27,773,553	\$27,797,272	\$27,658,265	\$27,709,543	\$26,680,538	\$27,080,443

Note: Revenues and expenses are described only for major categories and, as a result, individual categories do not equal the total.

* **County Funding** represents revenue received from Kent Intermediate School District for our prorated share of the Kent County Act 18 millage that is levied on all property owners in Kent County. This revenue is restricted in supporting special education programs and services expenses only.

** **EGRNow!** is an East Grand Rapids Schools Foundation fundraising campaign which provides additional operating funds for EGRPS to maintain essential educational programming (see glossary for description).

*** **Retirement (MPSERS) Offsets** represents state dedicated funding to reduce the increase in mandated state retirement costs. Accounting rules require that the district reflects the full cost of providing the retirement benefits. The offset funding is included in the state funding in the chart above. In order to calculate the true operational funding you would have to subtract the retirement offset figure from the state funding total. For example, in 2016-2017, gross retirement costs were \$5,424,913, after receiving offset funding of \$2,056,340; net retirement costs for the district were \$3,368,573.

Financial Forecast

	2017-2018 Amended	2018-2019	2019-2020
Revenues	\$30,014,252	\$30,034,717	\$30,171,757
Expenses	<u>\$30,050,552</u>	<u>\$30,329,940</u>	<u>\$30,530,128</u>
Net Change in Fund Reserve	(\$36,300)	(\$295,223)	\$358,371
Ending Unreserved Fund Reserve	\$2,625,215	\$2,330,192	\$1,971,821
Ending Unreserved Fund Reserve %	8.7%	7.7%	6.5%
Per-pupil Foundation Allowance	\$7,846	\$7,945	\$8,045
Enrollment	2,910	2,875	2,850
Base Salary Increase	-1%	1%	1%
Seniority Step Increase	2.1%	0%	0%

**State
Funding**

EGRNow!

**Salaries
&
Benefits**

**Staffing
Requirements**

Options Considered to Structurally Balance the Budget

In 2016-2017, for the second consecutive year, the district was able to add to its fund reserve after six straight years of using fund reserves in order to balance the budget. The district added \$232,406 to fund reserves, bringing its total fund reserves to \$2,661,515 or 9.1% of 2016-2017 expenditures. Increased Fund reserves from 5.7% to 9.1% of annual expenditures the last two years has greatly improved the district's financial stability.

The Board of Education recently adopted an amended budget for 2017-2018 that reduces the fund reserve by \$36,300 to \$2,625,215, or 8.7%. The district's goal is to achieve efficient management of the budget throughout the fiscal year, avoiding any use of fund reserves. The 2017-2018 budget includes \$254,000 in EGRNow! contributions, and \$617,000 in county enhancement millage funding. Those funds were used to continue supporting all of the district's programs and services, which includes the reinstatement of a previously eliminated high school guidance counselor position and an additional kindergarten teacher.

We are currently planning for 2018-2019 and 2019-2020 budgets and are projecting potential deficits between \$300,000 and \$400,000 in those fiscal years due to the following: Anticipated increases in state per-pupil funding (\$100 per pupil each year) will be offset by potential decrease in student enrollment (35 and 25 students respectively), resulting in little change to state revenue received. EGRNow! contributions are forecasted to provide \$250,000 each fiscal year and are included in projected budget models. Expenditures are forecasted to rise slightly each fiscal year; including a 1% increase to wages each year, 3.3% and 2.5% increases in district health care costs, and a reduction of one teaching position each year due to the loss of potential decrease in student enrollment.

As the Board of Education and administration work to achieve structural balance for 2018-2019 and beyond, the input of all stakeholders is welcomed as creative solutions are sought that focus on continuing to provide quality teaching and learning opportunities for our students while maintaining a structurally balanced budget.

The Board of Education's priority continues to be to offer our students a strong educational program focused on academic excellence in 2018-2019 and beyond.

Budget Performance & Fund Reserve History

In response to the Michigan economic downturn and reductions in annual per-pupil state funding the district used a significant portion (\$3.0 million) of its fund reserve from 2009 to 2015. In the spring of 2009 the Board of Education agreed to draw down the fund reserve to 10% over four years in an effort to shield the district from additional budget cuts and allow time for the Michigan economy to strengthen. The Board of Education executed a four-year plan and the district ended the 2012-2013 fiscal year with a 9.99% fund reserve.

Unfortunately, at the end of four years (2012-2013), the district's budget continued to be placed under extreme pressure due to the \$470 per-pupil reduction in 2011-2012, along with significant increases in the mandated state retirement expenses, as well as the stagnant state per-pupil funding in the years following the \$470 per-pupil reduction. Despite the implementation of over \$4 million in budget reductions, additional fund reserves were used through the 2014-2015 fiscal year to maintain academic programs and services. At the end of the 2014-2015 fiscal year the district's fund balance dropped to a low of \$1.7 million, or 5.7% of expenditures.

The Board of Education implemented further budget reductions for the 2015-2016 school year and collaboratively worked with the bargaining groups on new agreements to provide increased long-term budget stability. The cumulative efforts over several fiscal years resulted in a positive structural balance allowing fund reserves to increase by \$736,630 in 2015-2016 and \$232,406 in 2016-2017, improving total reserves to \$2,661,515, or 9.1% of expenditures.

	Revenues	Expenses	Change in Fund Reserve	Unreserved Fund Reserve	Unreserved Fund Reserve Percentage
2006-2007	\$27,560,262	\$26,934,247	\$626,015	\$4,234,595	15.72%
2007-2008	\$27,781,528	\$27,356,239	\$425,289	\$4,659,884	17.03%
2008-2009	\$27,716,932	\$27,692,998	\$23,934	\$4,683,818	16.91%
2009-2010	\$27,994,587	\$28,326,870	(\$332,283)	\$4,351,535	15.36%
2010-2011	\$28,091,151	\$28,193,600	(\$102,449)	\$4,249,086	15.07%
2011-2012	\$27,417,080	\$28,078,187	(\$661,107)	\$3,587,979	12.78%
2012-2013	\$27,667,212	\$28,416,035	(\$748,823)	\$2,839,156	9.99%
2013-2014	\$28,148,806	\$28,779,272	(\$630,466)	\$2,210,806	7.67%
2014-2015	\$28,482,253	\$29,410,484	(\$928,231)	\$1,672,479	5.70%
2015-2016	\$29,352,069	\$28,165,439	\$736,630	\$2,429,109	8.50%
2016-2017	\$29,369,189	\$29,136,783	\$232,406	\$2,661,515	9.1%
2017-2018 (Budget)	\$30,014,252	\$30,050,552	(\$36,300)	\$2,625,215	8.7%

Fund Reserve History



Community Support

The East Grand Rapids community has been incredibly generous with its financial support of EGRPS.

- **Capital Projects:** The community has supported several bond issues which allowed the district to renovate and upgrade all school buildings.
- **Sinking Fund Millage:** This fund provides funding to make ongoing repairs to school buildings and avoid using our operational budget for repairs which maximizes available resources for teaching and learning.

In Michigan funding of K-12 schools is a state based system and leaves little flexibility for a local school district to raise additional funds beyond the state per-pupil allocation. The district's current state foundation allowance for the 2017-2018 school year is \$21 per pupil less than the foundation allowance received during the 2008-2009 school year. The decade-long stagnation in state funding has rallied our community to find alternate ways to provide additional financial support for the district so that we can maintain and enhance our educational programs and services.

The EGR community currently supports three initiatives that provide direct or indirect support to educational programs and services:

- **Recreation Millage:** Allows the district to finance the costs of recreational activities outside of the general fund budget.
- **EGRNow!:** In 2012 the Board of Education and the East Grand Rapids Schools Foundation collaboratively worked to establish an annual fundraising campaign that supports educational programs and services. Over six years the district has received \$1.8 million in contributions from the community.
- **Enhancement Millage:** In May 2017 the voters of Kent County supported a 10-year regional enhancement millage, providing all K-12 school districts in Kent County \$210 per student in unrestricted funding starting with the 2017-2018 school year.

Without these three initiatives, additional budget reductions would have been necessary and the educational programs and services offered to our students would be drastically reduced. Below is a summary of the budgeted allocations for these three initiatives and the impact the financial support has on educational programs and our budget.

In addition to the financial support our community provides, the district is greatly appreciative of the volunteer support we receive from parents and community members. Hundreds of hours are volunteered each month in all of our school buildings. Volunteers directly assist during the school day, providing support in areas the district has made budget reductions, such as our front offices, learning commons, classrooms and print centers. Volunteers are also instrumental in supporting the work required for co-curricular and after school activities, such as school plays, running clubs, book fairs, carnivals, etc. Finally, volunteers are invaluable in the support they provide our teaching staff assisting unique learning opportunities for our students as well as running staff appreciation events our teachers so deserve. East Grand Rapids is a special community heavily invested in our student's success, and the tireless support of our volunteers has been instrumental in continuing the district's Tradition of Excellence.

Recreational Millage (\$850,000 in 2017-2018)	EGRNow! (\$254,000 in 2017-2018)	Enhancement Millage (\$610,000 in 2017-2018)
<ul style="list-style-type: none"> • School district share of community pool expenses, (water, utilities, supplies, custodial services) • Partial support of athletic facility and playground maintenance • Partial support of evening custodial services • Partial support for Performing Arts Center management • Estimated cost of utilities during recreational activities 	<ul style="list-style-type: none"> • Complete funding of kindergarten and 1st grade classroom paraeducators • Partial funding for the elementary world language program 	<ul style="list-style-type: none"> • Complete funding of elementary specials (Art, Music, Physical Education) • Partial funding for elementary reading support • Additional high school guidance counselor position • Additional kindergarten teacher position • Additional classroom technology support

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>
Recreational Millage	\$774,400	\$778,965	\$812,171	\$823,635	\$846,667	\$855,833	\$864,848
EGRNow!	\$0	\$520,470	\$270,855	\$145,400	\$255,310	\$406,000	\$254,000
Enhancement Millage	\$0	\$0	\$0	\$0	\$0	\$0	\$610,000

Capital Projects

The capital projects budget includes the following:

- Voter-approved bond construction programs
- The related debt service payments for construction programs
- A total of 9.95 mills are currently levied on EGR property owners to allow the district to meet its debt service requirements.
- The District's 0.5 mill Sinking Fund (Building & Site). The Sinking Fund (Building & Site) is a revolving fund that allows the district to finance building repairs and small building enhancements

The bond construction programs listed below have been refinanced six times over an 11-year period **saving EGR taxpayers \$7.8 million in interest.**

EGRPS Bond Construction Programs	Current Outstanding Balance	Payoff Date
1996 Building Renovations & Breton/Lakeside Gyms	\$5,935,000	2020
2000 PAC & HS Pool Expansion	\$17,655,000	2029
2006 Building Renovations & Classroom A/C	\$12,870,000	2031
2007 Athletic Facilities	\$8,835,000	2032
2014 Security & Technology	\$15,340,000	2039

2014 Bond Construction Program

On May 6, 2014, East Grand Rapids voters approved \$31 million in bonds for capital improvements to facilities districtwide. In June 2014, \$17.5 million in bonds were sold, and the remaining \$13.4 million are projected to be sold in the summer of 2018. The funds raised from these bond sales (2014 and 2018) will allow for the following improvements:

- Facility upgrades including: security enhancements, security technology, renovation of district media centers into flexible learning commons, replacement of boiler systems (high school, Breton Downs, and Wealthy), renovation of district heating and hot water systems, replacement of district roofs, installation of LED lighting, occupancy sensors to lower electric usage, and new classroom furniture for the middle school and high school
- Upgraded technology for students and staff spread over the next 10 years

The first phase of the construction program (summer of 2014) has been completed:

- Enhanced main entrances at the three elementary schools and high school
- Learning commons were renovated at all five school buildings
- Security technology was replaced and enhanced districtwide
- Boiler was replaced at high school
- High school main hallway and cafeteria were renovated to provide an enhanced common area for students
- Updated technology throughout the district, including classroom technology, devices, servers, and storage, as well as wired and wireless infrastructure

The second phase of the bond construction program projected to in 2019:

- Replacement of roofs
- Renovation of district heating and hot water systems
- Replacement of boiler systems at Breton Downs and Wealthy
- Continued upgrades to technology to support classroom teaching and learning

Community Budget Guide Summary

This Community Budget Guide (CBG) provides information regarding the finances of the East Grand Rapids Public Schools (EGRPS) as well as how it compares to other districts in Kent County and similar districts in the state. The goal of the Board of Education and administration is to continue working collaboratively with staff and community to develop and adopt a structurally balanced budget for 2018-2019. The following is a summary of the CBG:

EGRPS Operational Budget

- Funding for the operational budget (e.g. instruction, personnel, etc.) is primarily reliant on the State of Michigan, and an individual district's Board of Education cannot ask its community per Proposal A to support tax proposals to increase operational funding (page 4).
- The current per-pupil state foundation allowance is \$21 lower than in 2008-2009.
- When considering local, state, and federal sources of revenue, EGRPS ranks 12th out of the 20 Kent County school districts for total revenue received per pupil, and 8th out of the 9 "like districts" from around the state (page 4).
- Board of Education continues to place a strong emphasis on budget allocations (74.4% of total budget) going to programs and services that impact teaching and learning (page 3).
- The district is efficient with non-instructional expenses incurred outside of the classroom (24.6% of total budget) (page 3).
- Personnel expenses represent 87% of the total operational budget (page 3).
- Total salaries and wages are \$1,100,000 lower than eight years ago.
- Mandated state retirement (MPSERS) costs have increased significantly over the last seven years (106%), requiring the state legislature to allocate an increased amount of resources to districts to offset retirement expenses (page 3).
- The district has been progressive with health care benefit programs; overall expenses are \$250,000 lower than five years ago (page 8).
- To achieve annual balanced operating budgets from 2009-2015 the following actions have been taken: \$4.4 million in budget reductions, \$3.0 million of fund reserves used, and \$1.2 million EGRNow! contributions received (page 8).

EGRPS Capital Projects Budget

- The community has been overwhelmingly supportive of Board of Education bond requests which have provided capital funding for building improvements over the last 20 years (page 12).
- Bond Construction Programs have upgraded the district facilities, including the addition of classrooms, air conditioned classrooms, gymnasiums, and the Performing Arts Center (page 12).
- The 2014 Bond Issue provides a 10+ year source of funding for technology which will allow the district to update educational technology to support teaching and learning (page 12).
- Facility needs such as roofs, boilers, and major mechanical systems upgraded with the 2014 bond construction program (page 12).
- Refinancing of capital debt has saved taxpayers approximately \$7.8 million over 11 years through the end of 2016 (page 12).

EGRPS Budget Challenges

- The district had a structural deficit for six years (2009-2015), reducing fund reserves (page 10) to extremely low levels. The addition to fund reserves in 2015-2016 and 2016-2017 brings the district to the low end of its target range (8%), leaving little room for continued use of fund reserves to protect against reductions in educational programs and services.
- Until increases in state funding exceed minimal increases in district costs, maintaining a structurally balanced budget will continue to be challenging.
- Projected small increases in state per-pupil funding and potential reductions in student enrollment over the next couple of years will limit resources and present a challenge for the district to achieve and maintain a structural balance.
- If additional budget reductions are necessary to maintain a structural balance in future budget cycles, K-12 programs and services could potentially impact teaching and learning.

See [Glossary](#), [Budget Basics](#), [History of Budget Reductions](#), and [FAQs](#)

Contact Information

East Grand Rapids Public Schools
2915 Hall Street SE, Grand Rapids MI 49506
616-235-3535 www.egrps.org

District Administrators

Dr. Sara Magaña Shubel
Superintendent
sshubel@egrps.org

Jennifer S. Fee
Assistant Superintendent of Instruction
jfee@egrps.org

Kevin Philipps
Assistant Superintendent of Business
kphilipp@egrps.org

William Behrendt
Director of Special Education
wbehrend@egrps.org

Douglas Jenkins
Director of Technology and Assessment
djenkins@egrps.org

Building Administrators

Breton Downs Elementary
Dr. Caroline Breault-Cannon, Principal
ccannon@egrps.org

Lakeside Elementary
Stephanie Thelen, Principal
sthelen@egrps.org

Wealthy Elementary
Carlye Allen, Principal
callen@egrps.org

Middle School
Anthony Morey, Principal
amorey@egrps.org

High School
Craig Weigel, Principal
cweigel@egrps.org

Shelly Schram, Asst. Principal
sschram@egrps.org

Steve Wojciechowski, Asst. Principal
swojciec@egrps.org

Lori Johnston, Director of Guidance
ljohnsto@egrps.org

Tim Johnston, Director of Athletics
tjohnsto@egrps.org

Board of Education

Robert Wolford, President
wolfordr@millerjohnson.com

Elizabeth Welch, Vice President
elizabeth@welch-law.com

Beth Milanowski, Secretary
bmilanow@egrps.org

Natalie Bernecker, Treasurer
nberneck@egrps.org

Mark Hessler, Trustee
mhessler98@comcast.net

Brian Coles, Trustee
colesbrian@att.net

Brad Laackman, Trustee
brad@honorpm.com



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successfully in a global community*

Additional Resources
www.egrps.org
www.michigan.gov/mde

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