

Grosse Pointe Public School System

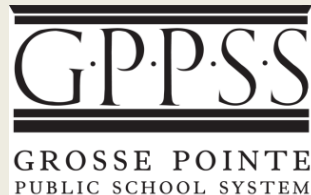
Financial Transparency Series



2009-10 FINANCIAL YEAR IN REVIEW AND HISTORICAL FINANCIAL ANALYSIS

JUNE 28, 2010

PREPARED BY BRENDAN WALSH, BOARD OF EDUCATION TREASURER



Financial Accomplishments of 2009-10

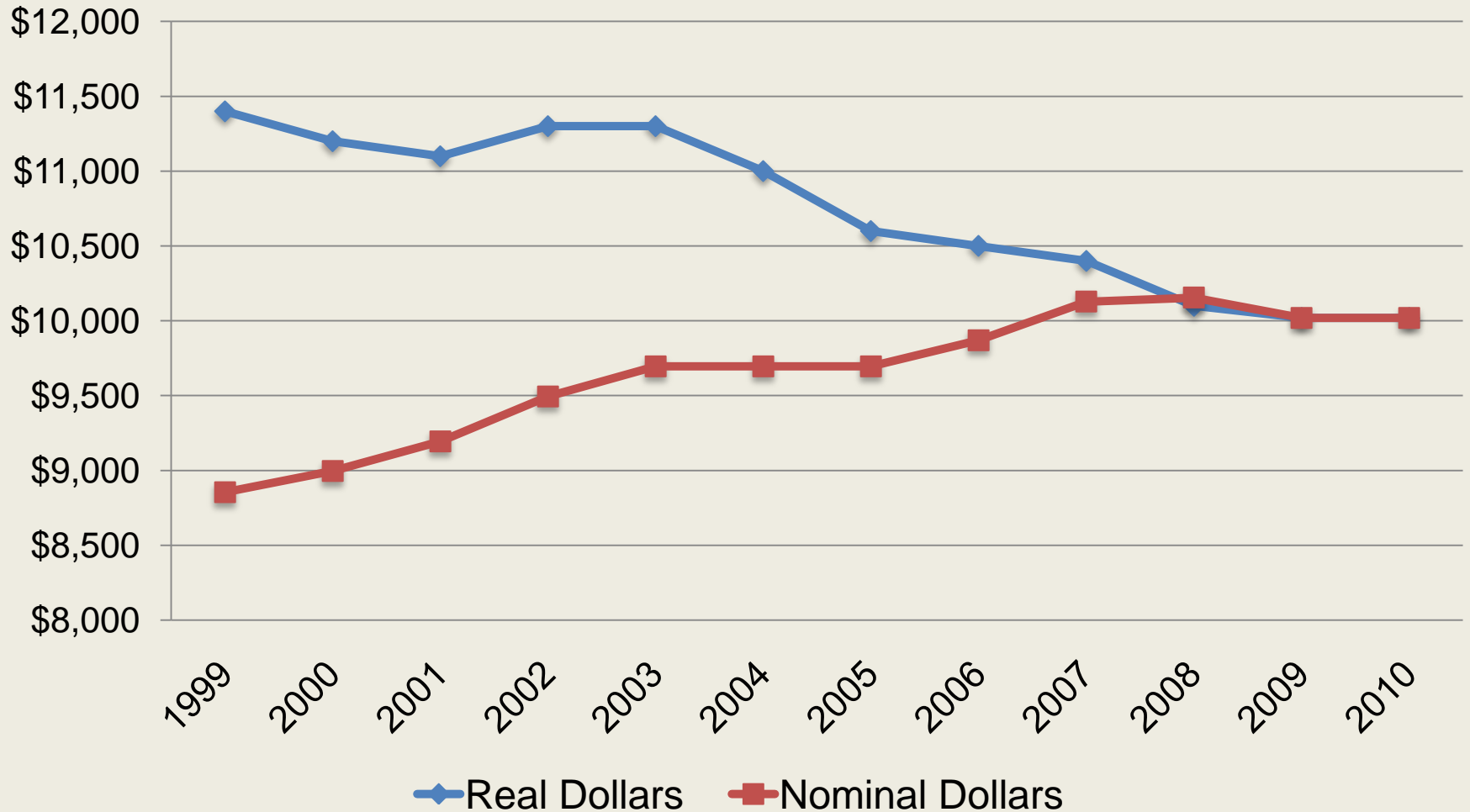
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- Published multi-part Financial Transparency Series (PowerPoint narrated videos).
- Successfully integrated Budget Modeling Utility, Staff Utilization Utility, Financial Benchmark and Health Care reports for financial analysis, budget planning, transparency, and contract resolution.
- Voters renewed Hold Harmless and Sinking Fund millages by wide margins.
- Closed a \$3MM mid-year structural revenue gap from Foundation Allowance and 20J reduction. Project only a \$1.2MM reliance on Fund Equity against budgeted \$2.6MM.
- Completed the most transparent budget development process in history of the district – earliest holistic budget and 5 versions presented, feedback comprehended in changes.
- 2010-11 budget reduces taxes/fees by \$785,000 for local taxpayers via all day kindergarten fee elimination and lower foundation allowance revenues.
- 2010-11 final budget and contract settlement avoided projected layoffs that would have incurred an utterly wasteful \$700,000 in unemployment costs.
- GPPSS has avoided school closings and other highly undesirable responses to budget challenges – unlike many well-respected districts across the state.
- Reached agreement with teachers and administrators on 4 year contracts that substantially mitigates risk of unpredictable enrollment, per pupil revenue, salary, retirement and health care costs.

GPPSS School Per Pupil Foundation Allowance

Years of flat or nominal increases hit a low point in 2009-10

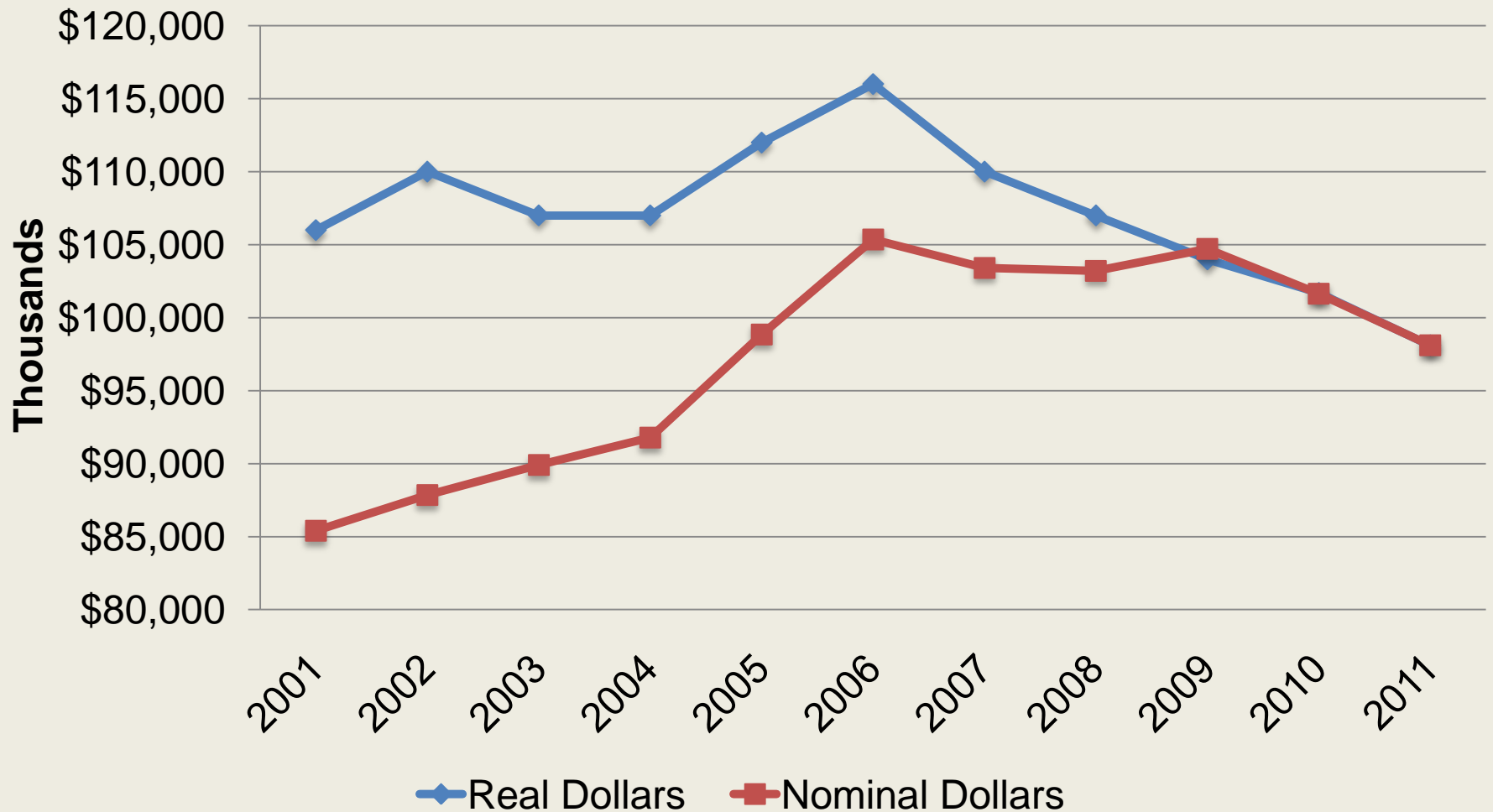
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10 Year History of General Fund Expenditures

2010 budget same as 2005; but 24% lower than 2001 in real dollars

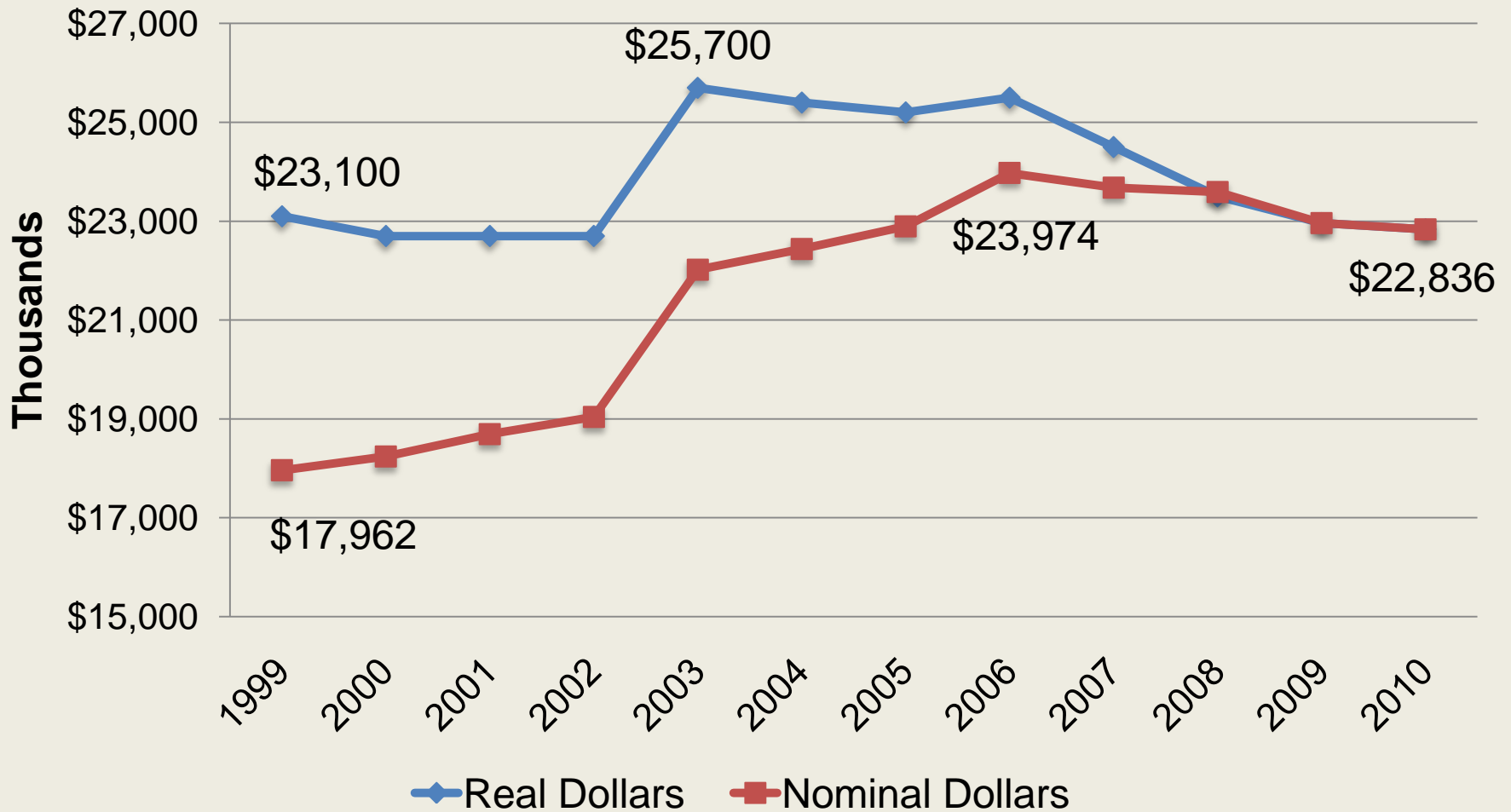
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Local Foundation Allowance Revenue (Per Pupil x Enrollment)

Combined Real Local Homestead & Non-Homestead Tax Revenue lower than 1999

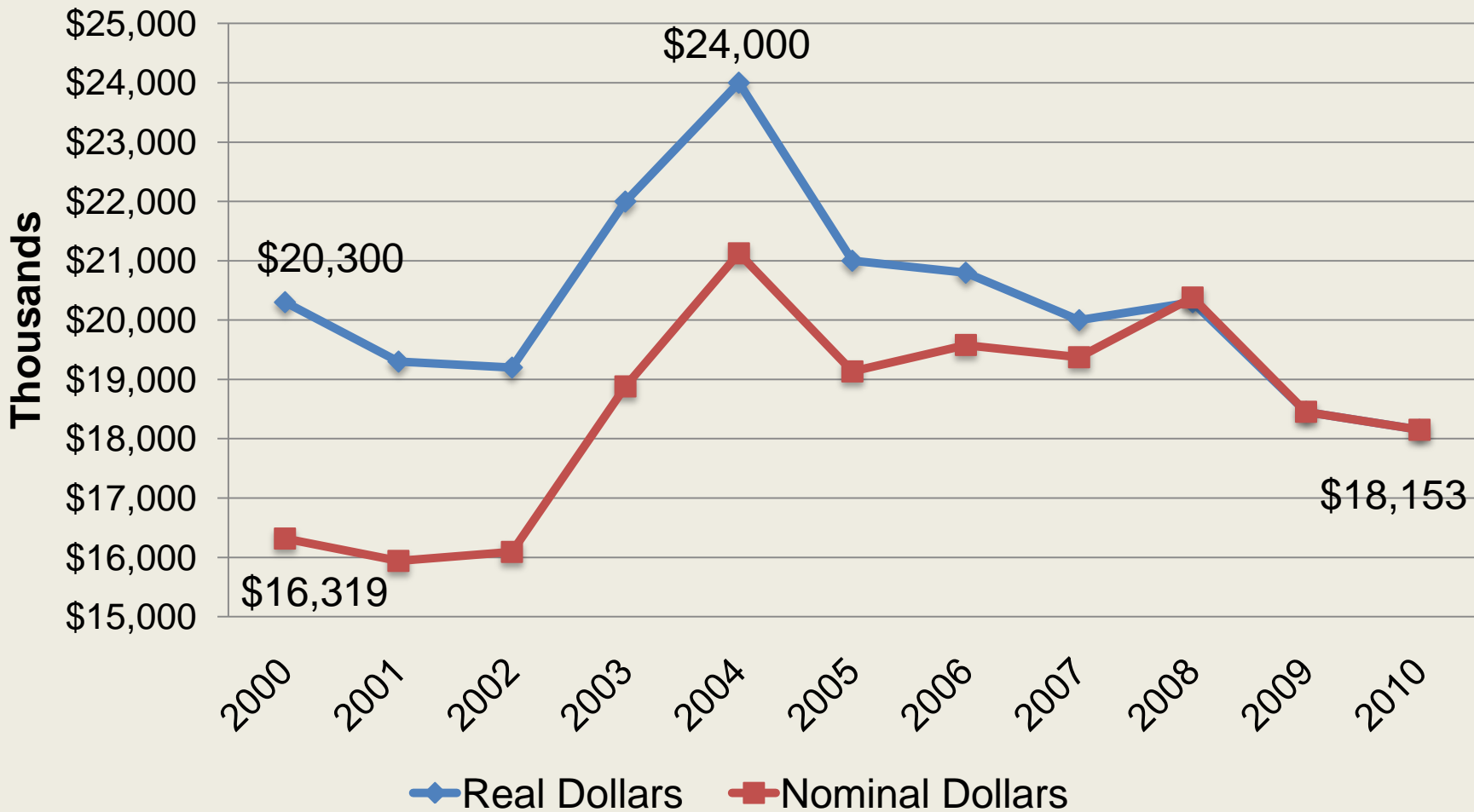
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Combined Local Homestead, Technology and Sinking Fund

In real dollars homeowner tax revenue is 25% less than high-water mark of 2004

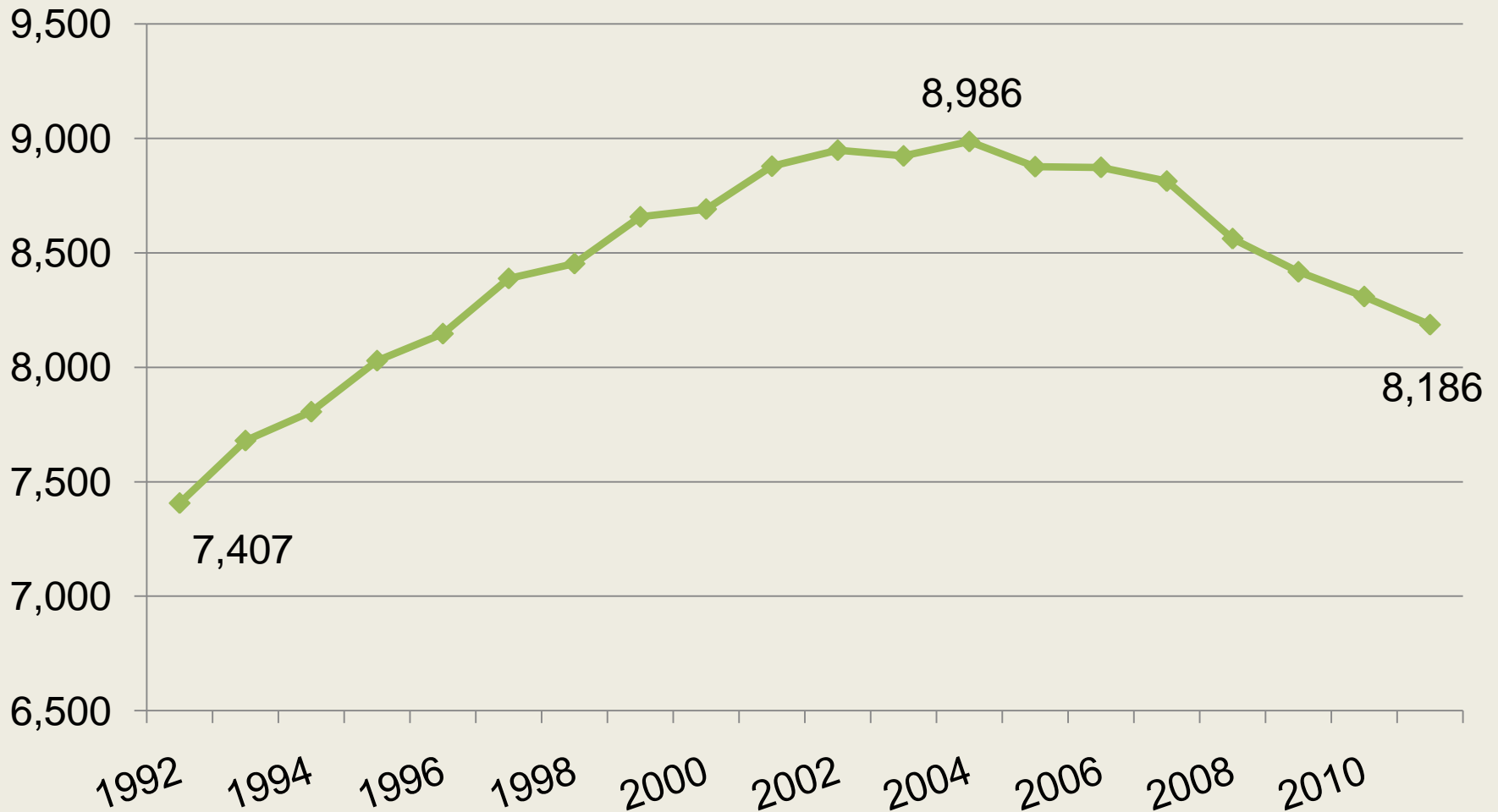
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GPPSS Student Enrollment – 1992 to 2011

Has been declining since 2004; but 2010-11 still 10% higher than 1992

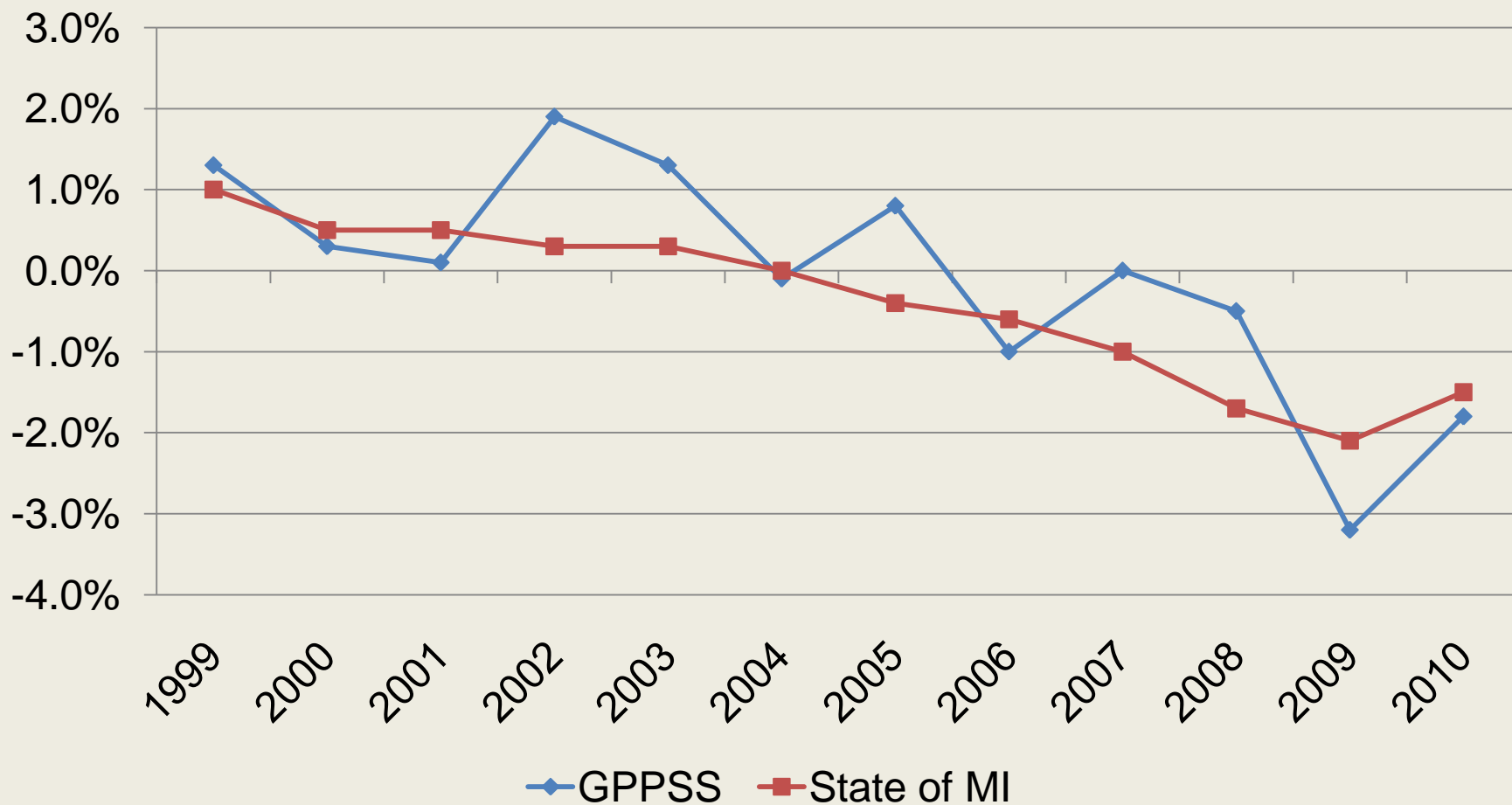
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State of Michigan and GPPSS Student Enrollment

Year over year percentage change shows GPPSS' correlates with state's pattern

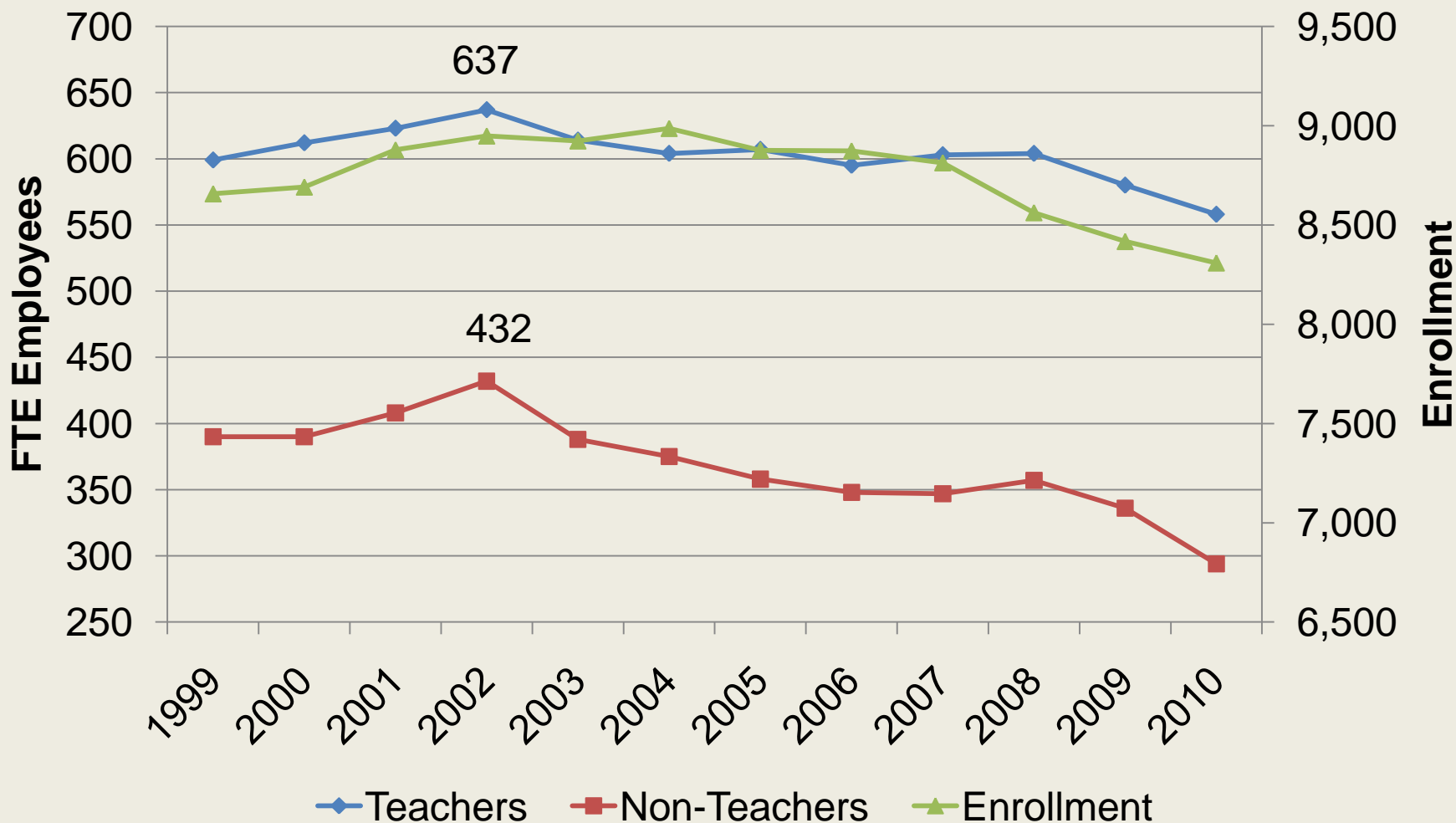
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GPPSS Teaching and Non-Teaching Staff Levels

In Proposal A era districts MUST scale staff to enrollment

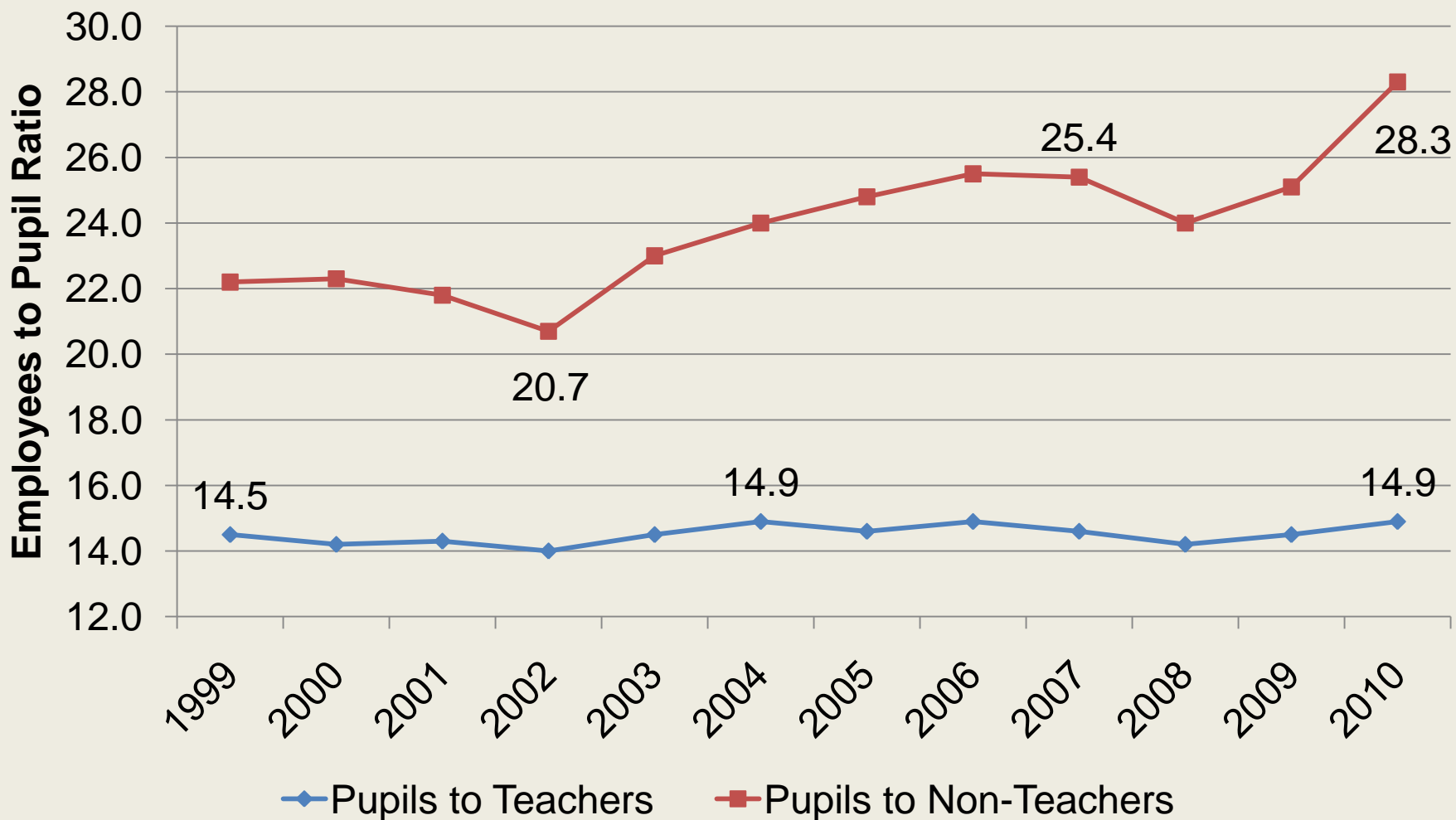
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Ratio of Teaching and Non-Teaching Staff to Enrollment

Teacher ratio consistent; zero-based approach reduced non-teachers in 2010

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What Didn't We Do in Face of Budget Challenge

MI districts have all had tough choices. Our decisions require context.

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Close
Elementary
schools

Merge High
Schools

Change high
school bell
schedule

Outsource
Custodian Staff

Cut teachers
mid-year

Substantially
raise class
sizes

Raise
Extracurricular
Partic. Fees

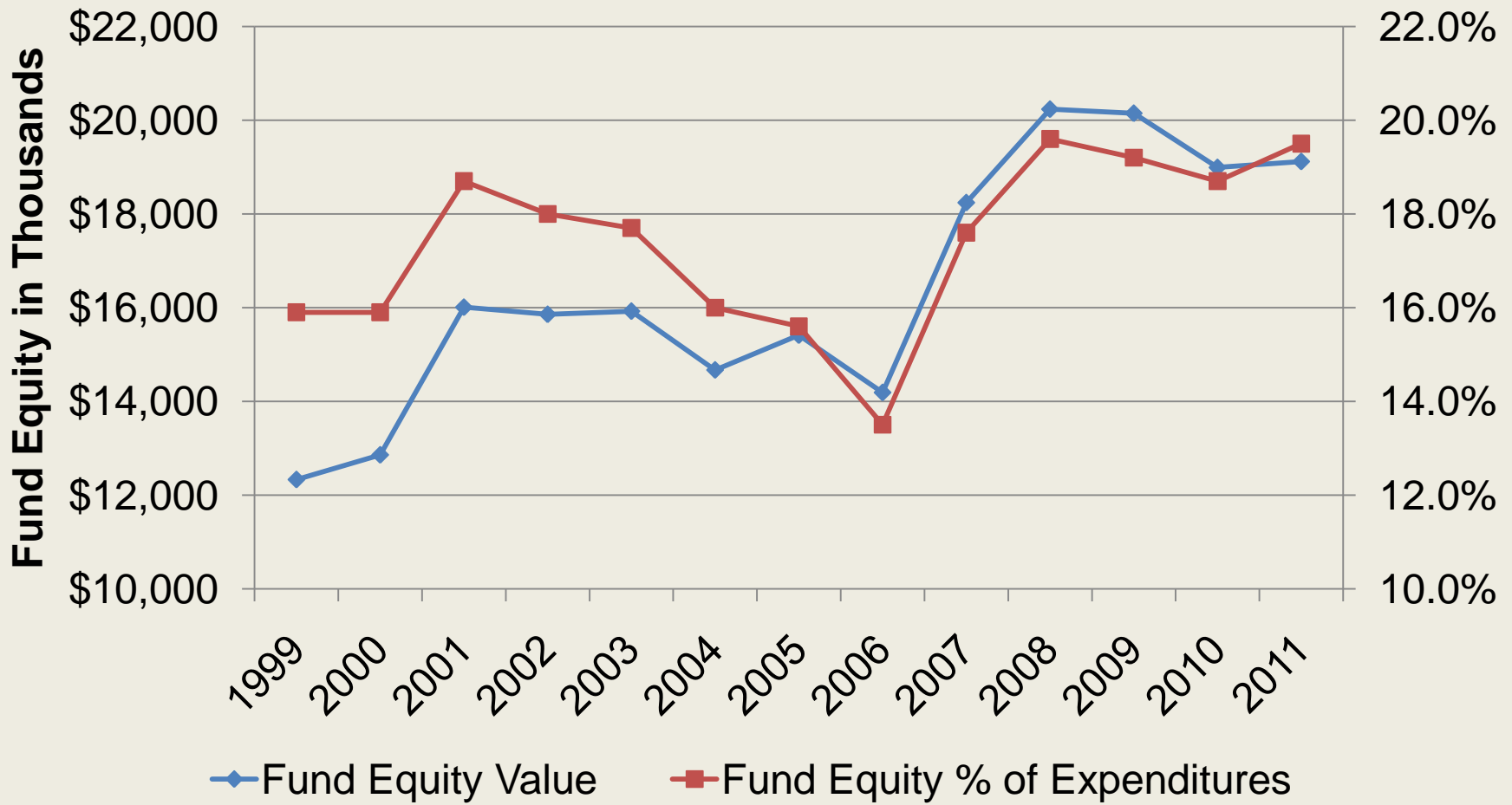
Reduce
Performing Arts
or Athletics

Spend down
Fund Equity
(with no end game)

GPPSS 13 Year History of General Fund Equity

As state finances worsened conservative local budgeting was required

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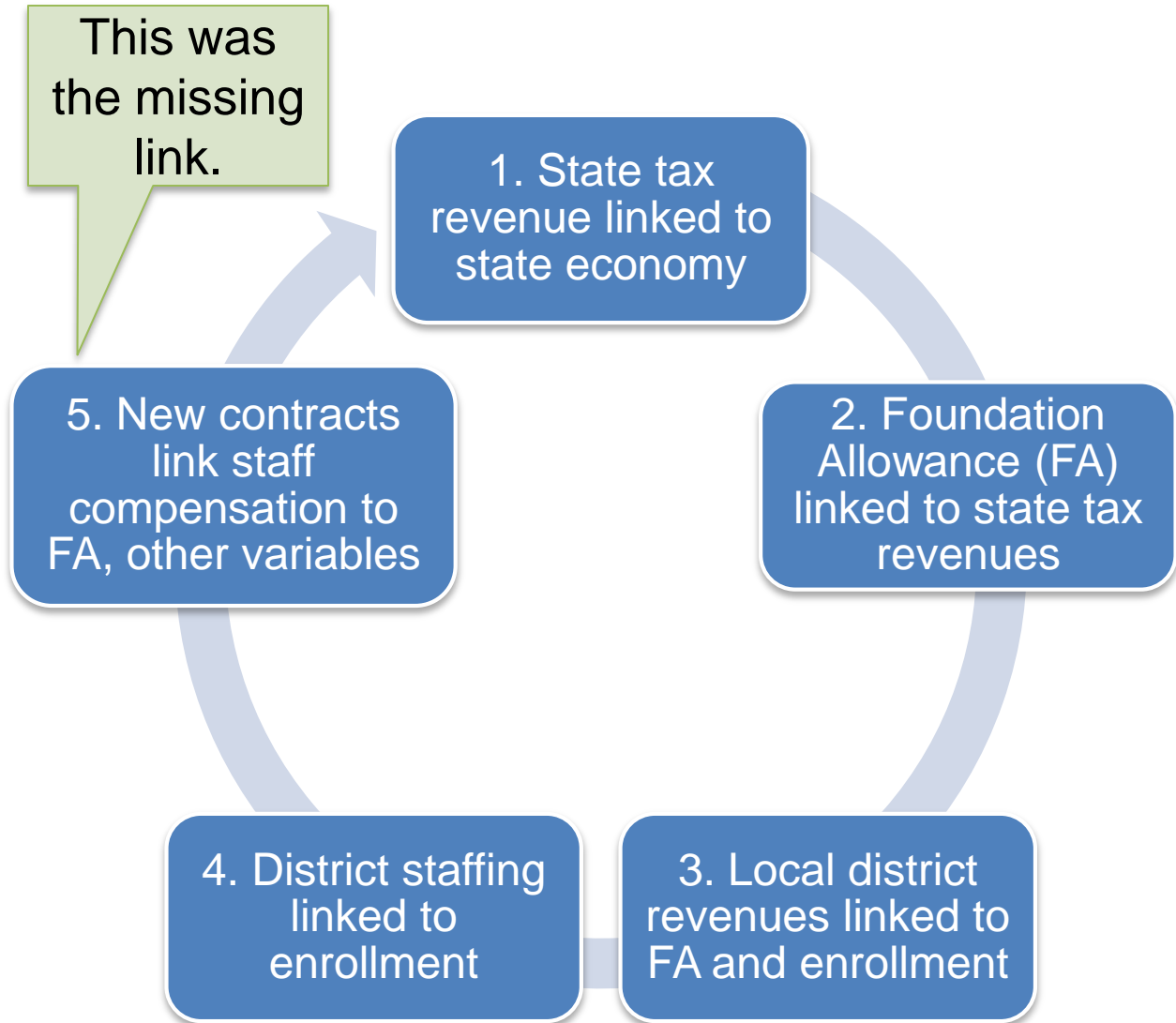


Significance of the new contracts:

Staff compensation was formerly uncoupled to the very economic system upon which it should have been primarily dependent.

The new contract fixes this. We now have a closed-loop system.

This was the missing link.



Summary

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- We are very well-positioned for the short and long-term
- Taxpayers enjoy reduced tax and fee burden while benefitting from a high-performance district
- New contract structure enables innovative shared risk/shared reward model – rapidly being emulated by other districts (e.g. Ann Arbor, Farmington)
- New contract provides ability to leverage strong fund equity position in a controlled fashion for student benefit
- Stable financial position, adjustable to variables beyond local control, allows for primary focus on the educational program, not finances