Gmail

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(no subject)

Brendan Walsh <brendanwalsh68@gmail.com> Sat, Mar 12, 2016 at 2:59 PM
To: School Board <schoolboard@gpschools.org>, "Niehaus, Gary" <gary.niehaus@gpschools.org>, Jon Dean <Michael.Dean@gpschools.org>, Chris Fenton <Christian.Fenton@gpschools.org>

School Board and Administration,

I was reviewing the GPEA contract and specifically Appendix D (Modified formula).

The Fund Equity Target for the 2014-15 fiscal year was to be 3.3% above the 2013-14 year's ending fund equity. 2013-14 ended at 6.01% of expenditures. 3.3% above that would be 9.34% (if I am interpreting this correctly. Am I?).

The last audit showed 2014-15 ending fund equity at 7.8%. This is more than 1% below the target and this section 513 would apply.

> *(513) In the event the fund equity falls below the target for a year in excess of 1%, and either or both of the situations above occur, again the parties shall meet and confer within 30 calendar days of receiving notice of the fund equity shortfall in excess of 1% to reach agreement to remedy the problem. Failure to reach an agreement will result in the modified 'Formula' being placed in effect for the following school year. (Modified 'Formula' in this case means that the GPEA members shall experience a salary reduction to bring the district's finances back to within 1% of the target as provided under the original 'Formula'.) The modified Formula would only recoup dollars lost due to a MPSERS change and/or Foundation Allowance reduction. The modified Formula would not recoup dollars below the fund equity target caused by something other than a MPSERS change or Foundation Allowance reduction (i.e., the 90 Modified Formula would not recoup a shortfall in funds due to a decline in pupil enrollment or increases in staffing).*

According to the Modified Formula, only MPSERS rate and State Aid can be factored in the event of a greater than 1% shortfall against target fund equity. The MPSERS rate reported for 2014-15 was 25.52%. The Appendix D section 511.d.1 states 24.46% as the MPSERS rate standard. So the target fund equity was not met at least in part because the MPSERS rate was 106 basis points above the "anticipated" rate. This amounts to roughly 1% of salaries that would need to be addressed in accordance with section 513. This could be as much as $530,000 if all bargaining units had the same language.

Presuming the interpretation of the target is accurate, and please correct me if not, what became of the remedy dictated by 513?

Thanks,

Brendan Walsh