

Grosse Pointe Public School System

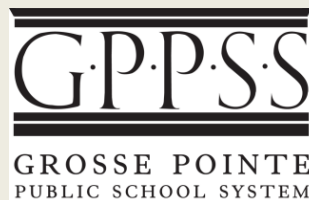
Financial Transparency Series



2011-12 FISCAL YEAR ADMINISTRATIVE BUDGET PROPOSAL

JUNE 27, 2011

BRENDAN WALSH, BOARD OF EDUCATION TREASURER



Implications of Proposal A

State budget and policy decisions have tremendous affect on local budgets

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Reduced school property taxes, increased sales, other taxes.

School funding based on student enrollment.

Revenue per pupil is set, capped by state.

Locals traded lower taxes for loss of local funding control.

Low spending districts got “leveled up” to close gap.

Highest spending districts allowed a Hold Harmless Millage.

Pre-Proposal A, GPPSS residents were levied 29 mills on Homestead properties. In 2011, same are levied <15 mills.

Major Aspects of GPPSS 2011-12 Proposed Budget

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Revenue

Enrollment
down 45
students

Down \$0.8M
from '10-'11

Down
\$10.8M from
'07-'08

Staffing

Down 11
FTEs from
'10-'11

Down 90, or
9.4%, from
'08-'09

Enrollment
down 2.5%
from '08-'09

Expenses

Salaries up
\$1.1M

Retirement
up \$2.5M

Non-HR
down \$1.5M

Fund Equity

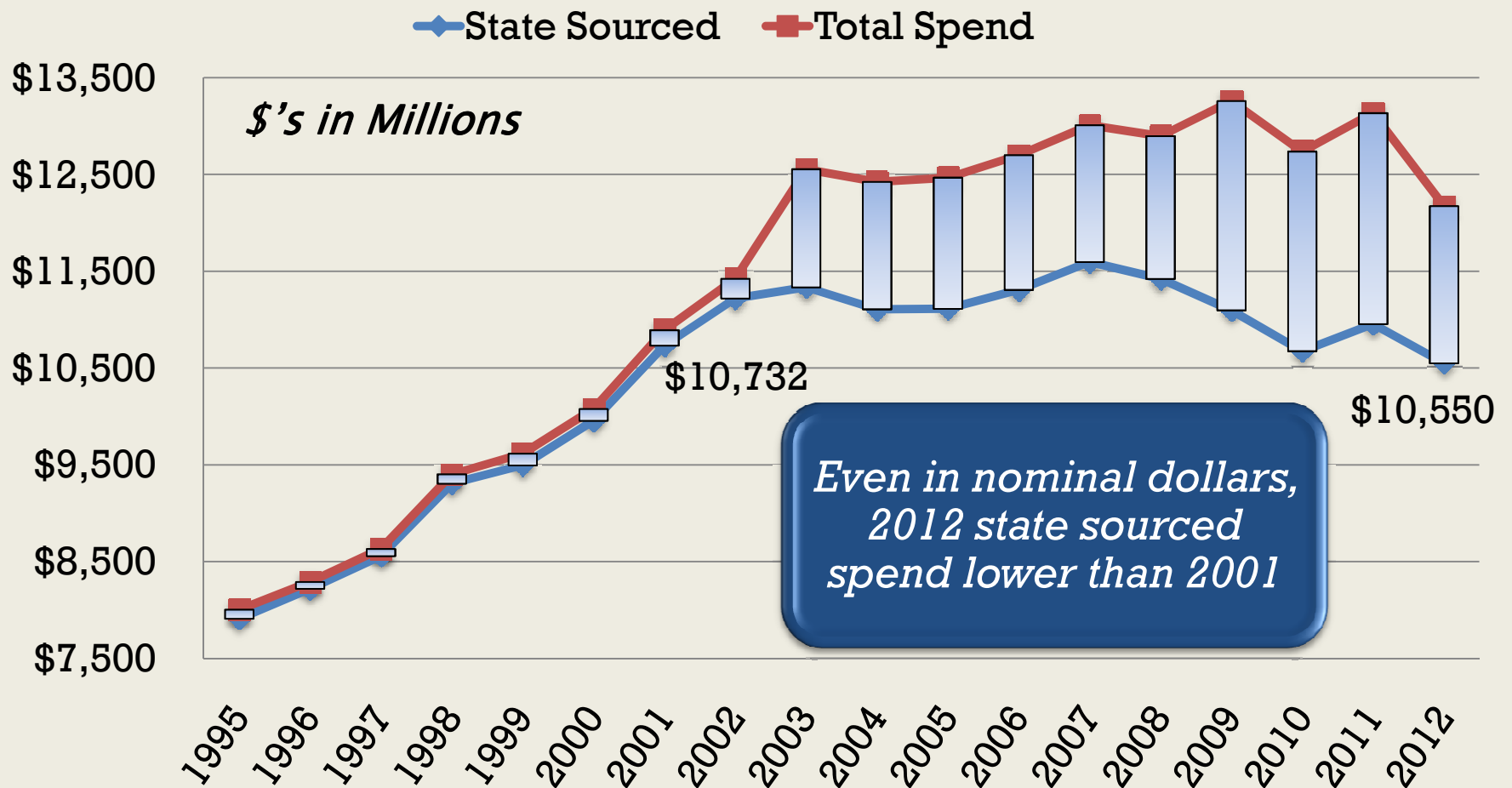
\$4.3M
proposed to
balance
budget

\$1.6M for
second
payment of
Retirement
Incentive

State of Michigan K-12 Appropriation

In Proposal A, locals almost exclusively dependent on non-local funding

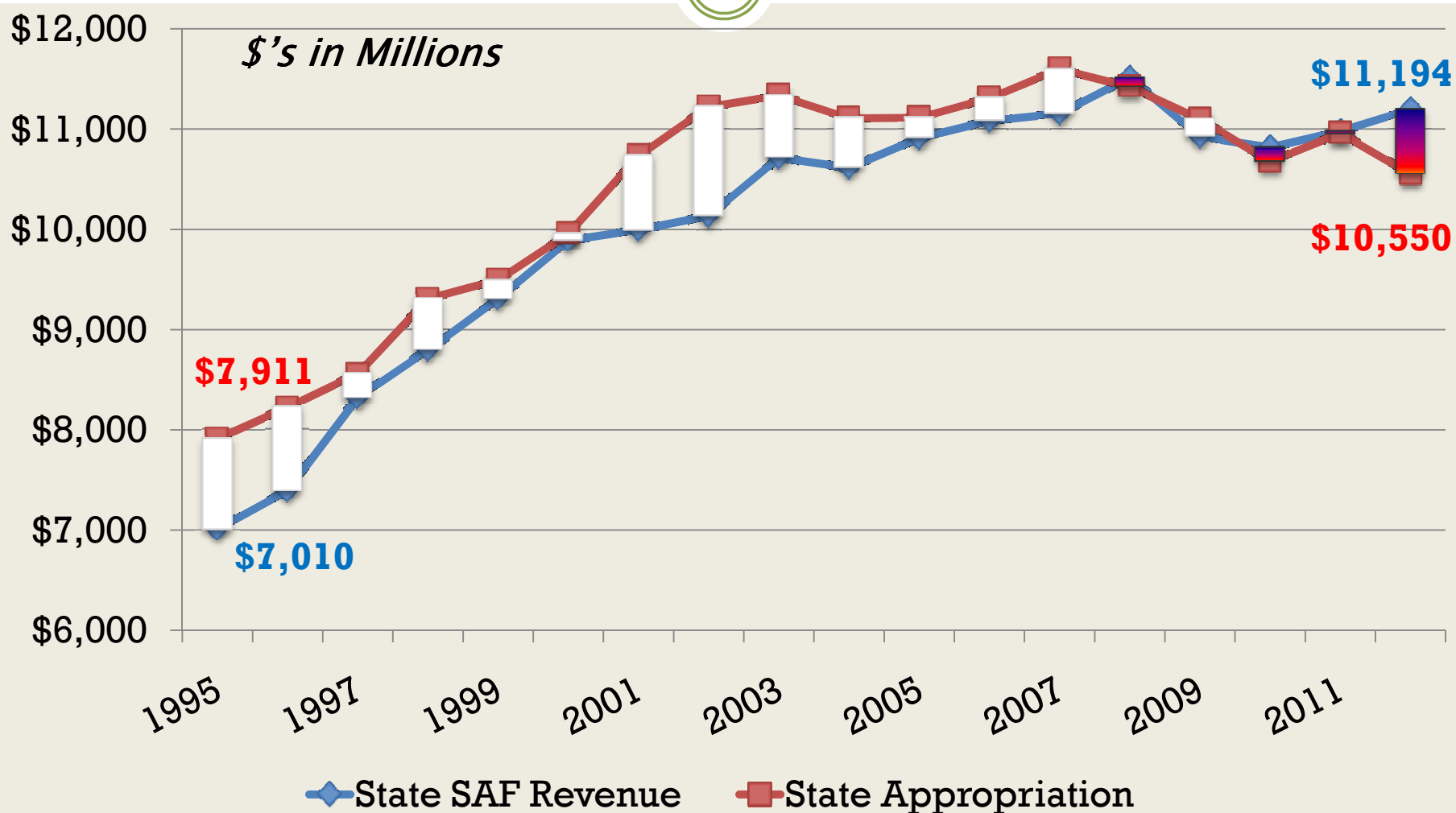
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School Aid Fund Tax Revenue v. State K-12 Spending

MI's 2011-12 budget largest ever use for non-K12 purposes

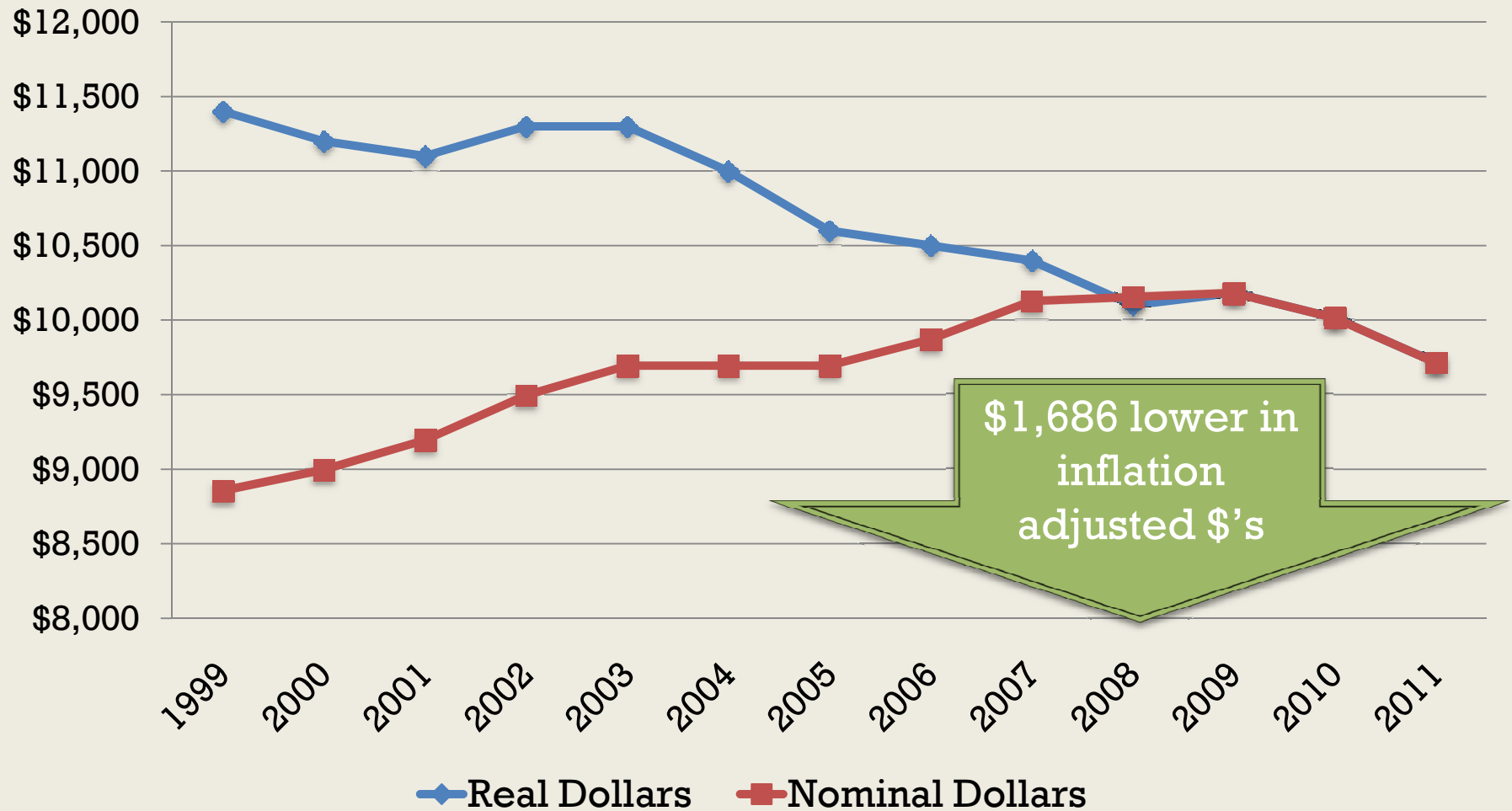
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GPPSS Proposal A Foundation Allowance

State of Michigan per pupil revenue from 1999 to 2012

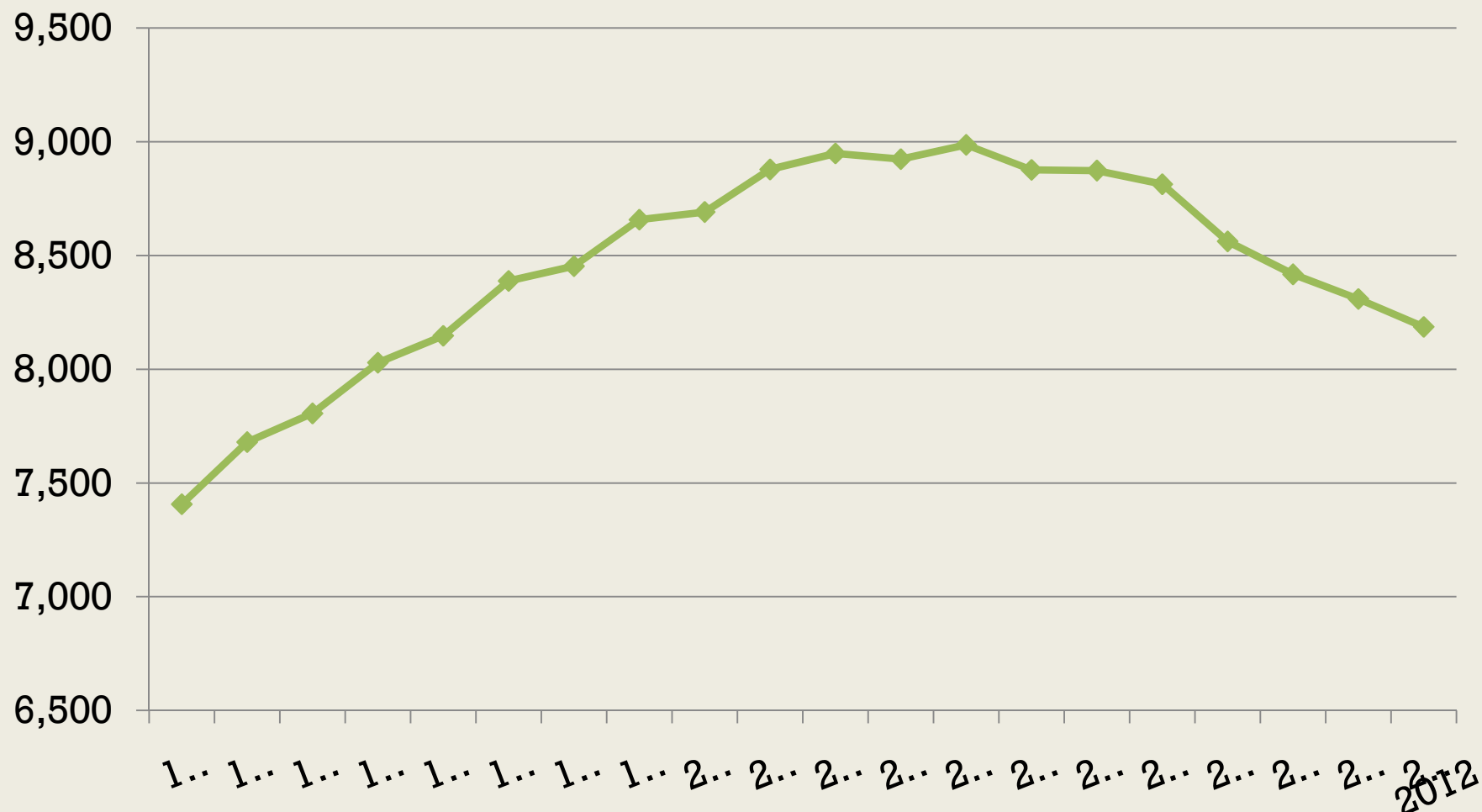
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GPPSS Student Enrollment – 1992 to 2011

Declining enrollment compounds Foundation Allowance reduction problem

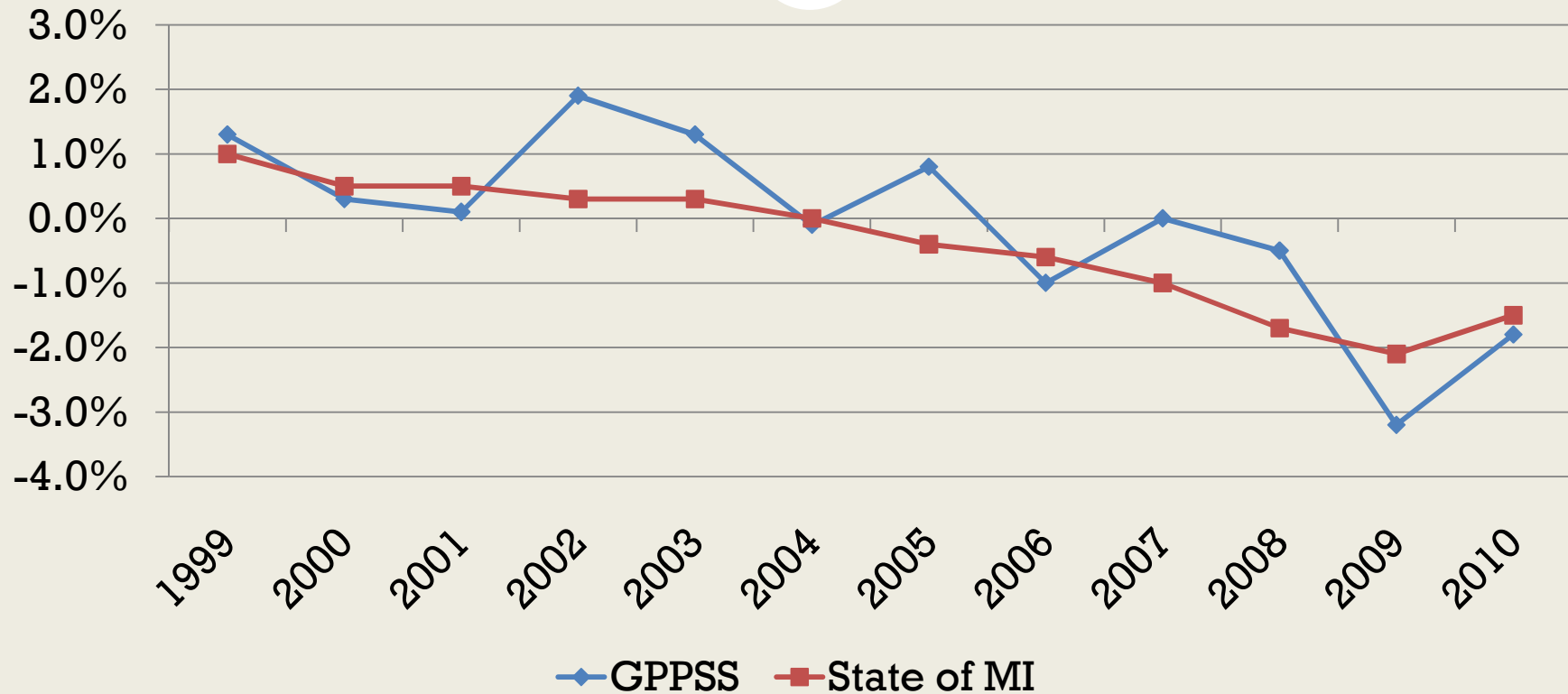
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State of Michigan and GPPSS Student Enrollment

Annual % change shows GPPSS' pattern consistent with state's pattern

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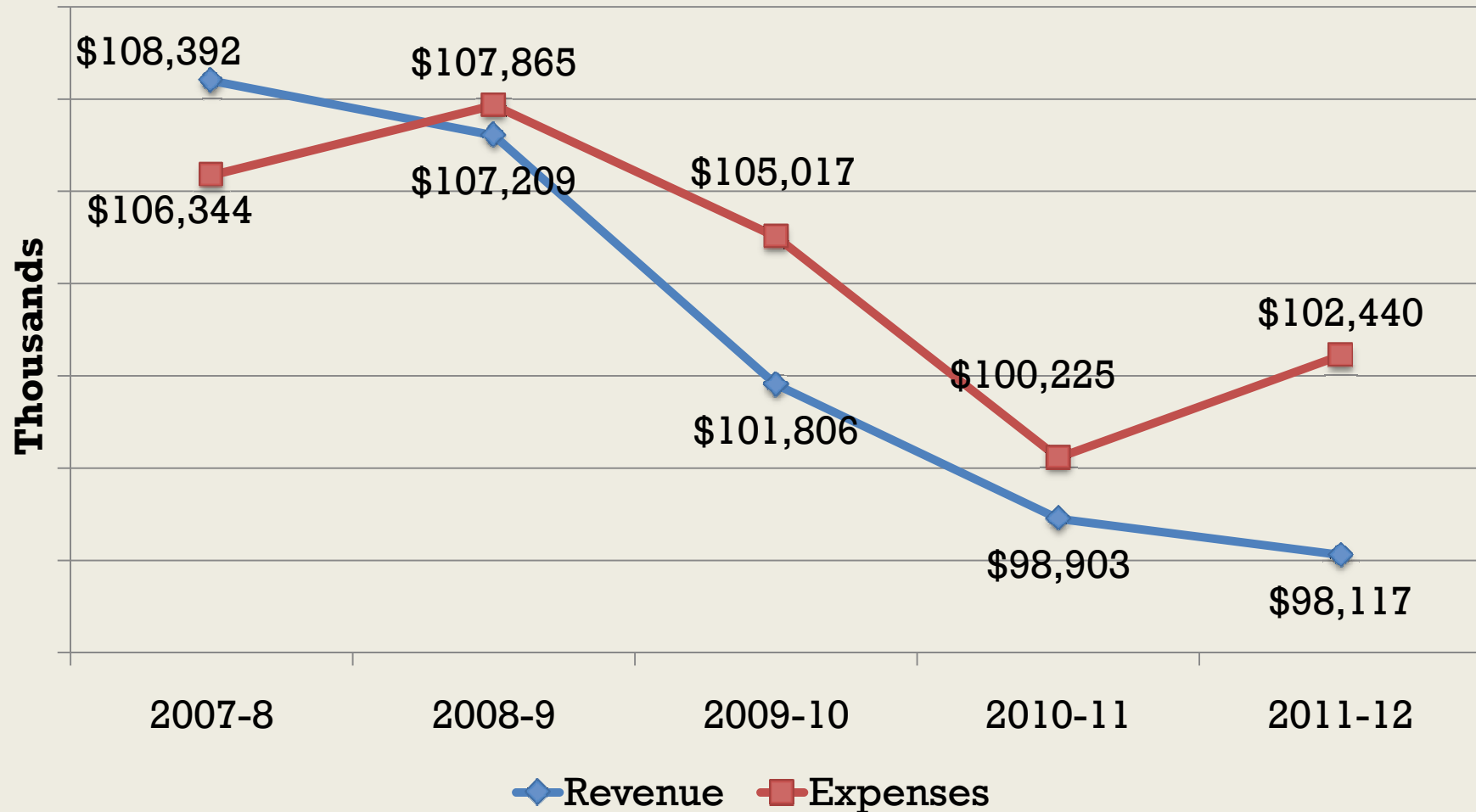


Reduced enrollment offers budget relief for state, but presents a significant problem for local districts.

GPPSS Five Yr Change, General Fund Revenue & Expenses

Over \$10 million in reduced revenue

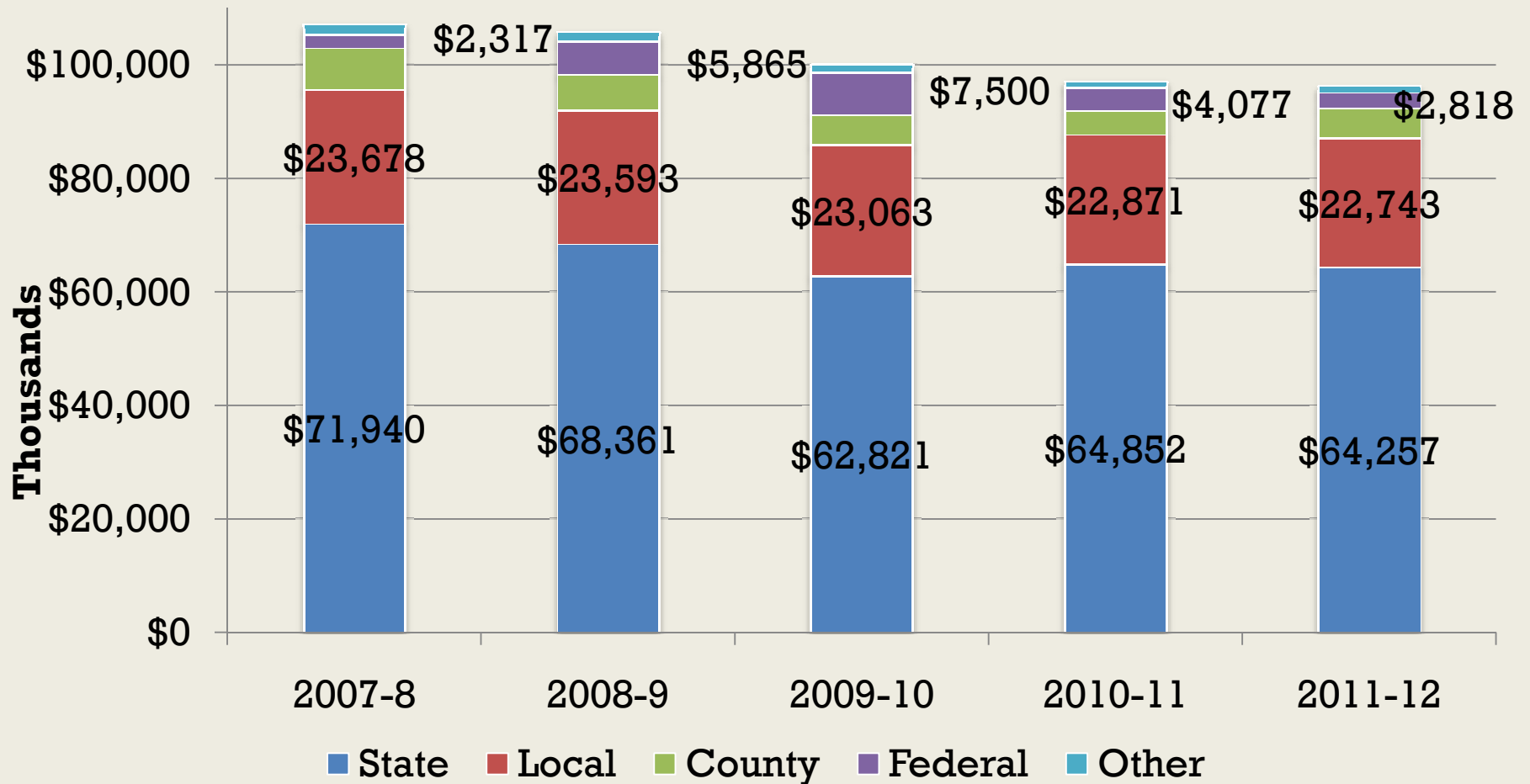
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Five Year General Fund Revenue Trend

\$7.7M drop in state in state revenue, \$5M drop in federal in three years

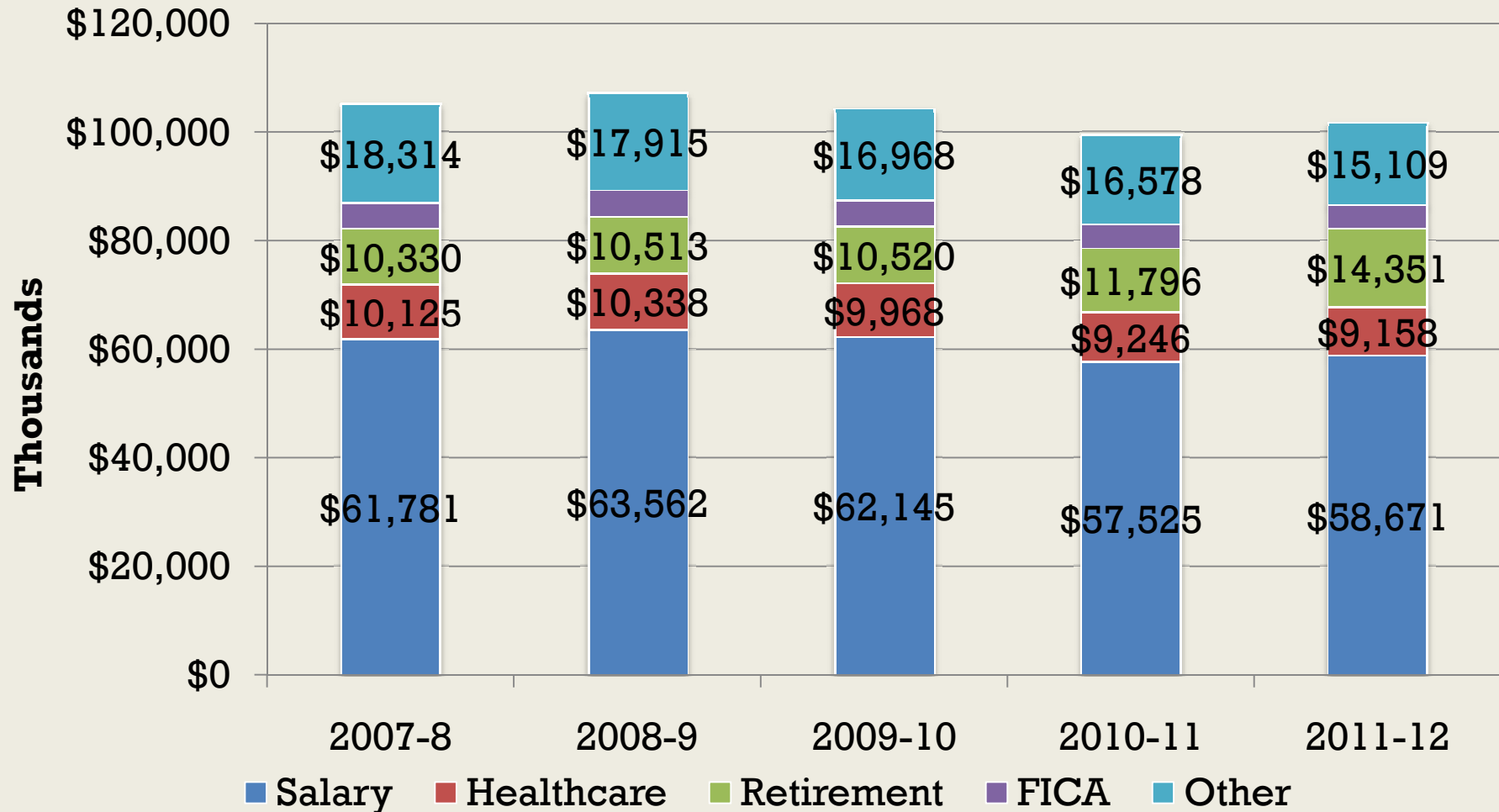
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Five Year View of Major Expense Categories

Salary, health, & FICA total \$7.5M lower, MPERS/retirement \$4M higher

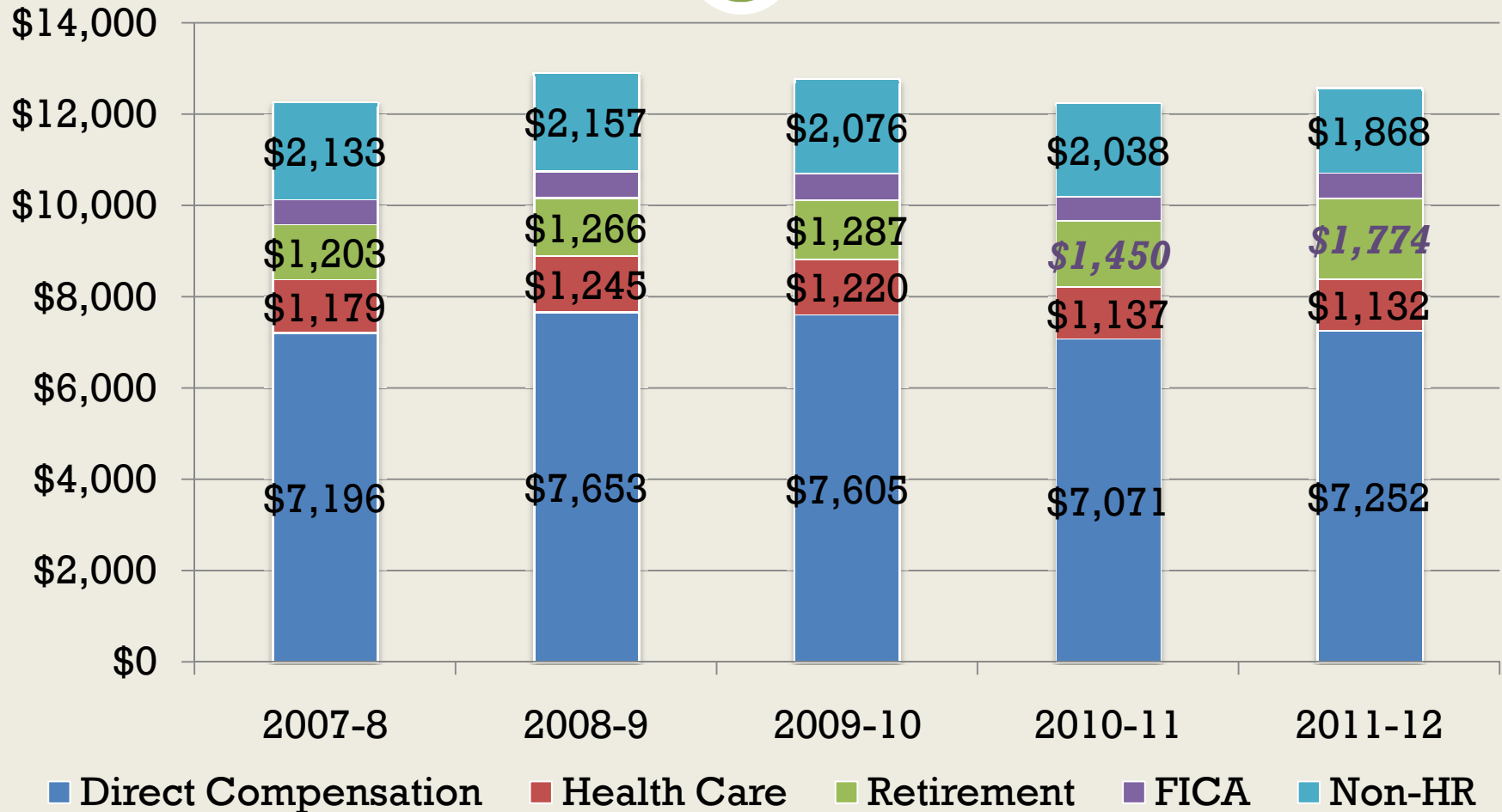
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GPPSS General Fund Expenditure per pupil

Retirement costs up \$320/pupil from '10-'11, up \$570 from '07-'08

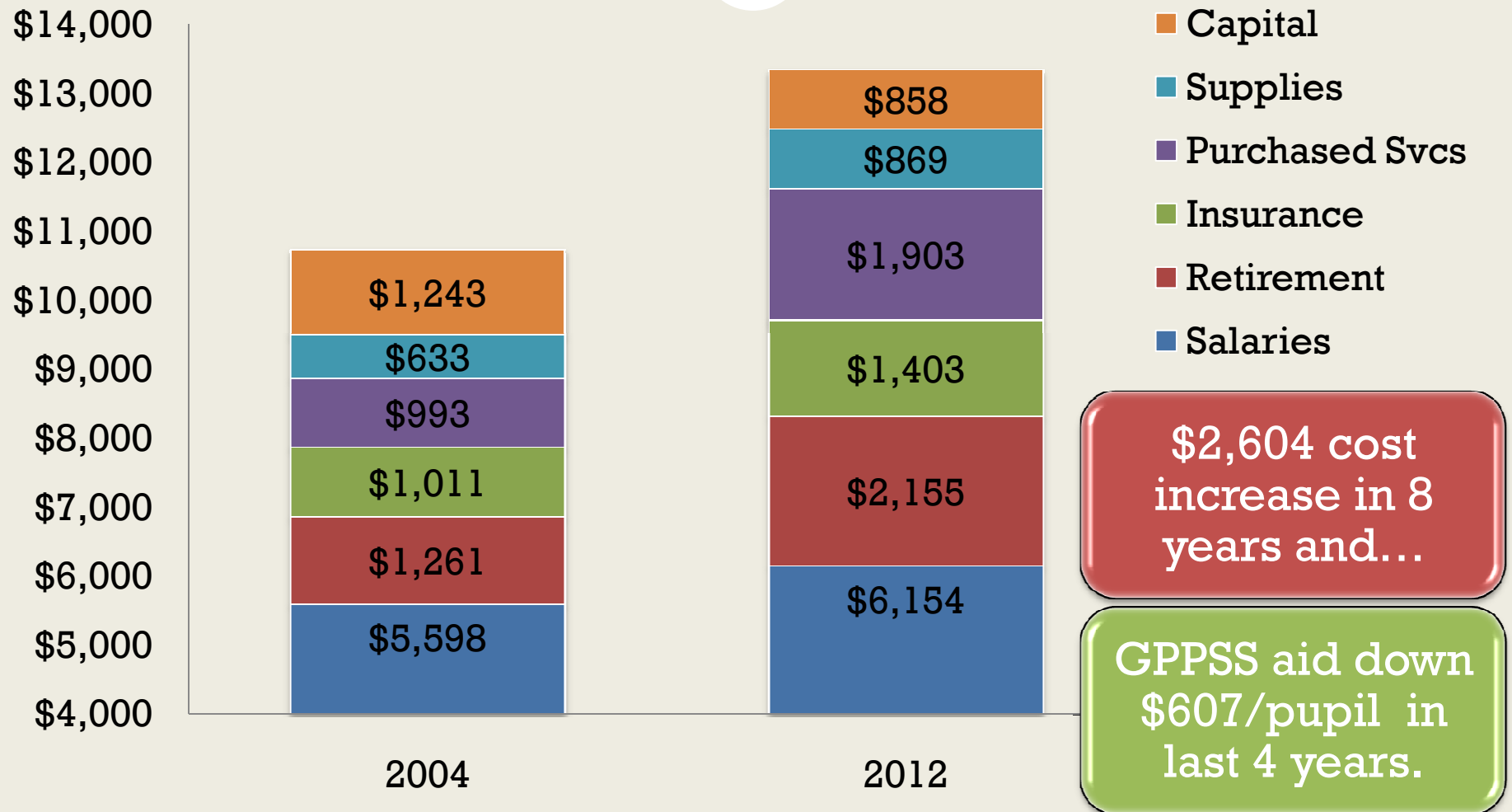
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State of Michigan K-12 costs per pupil

Average of all Michigan public schools change from '04 to '12

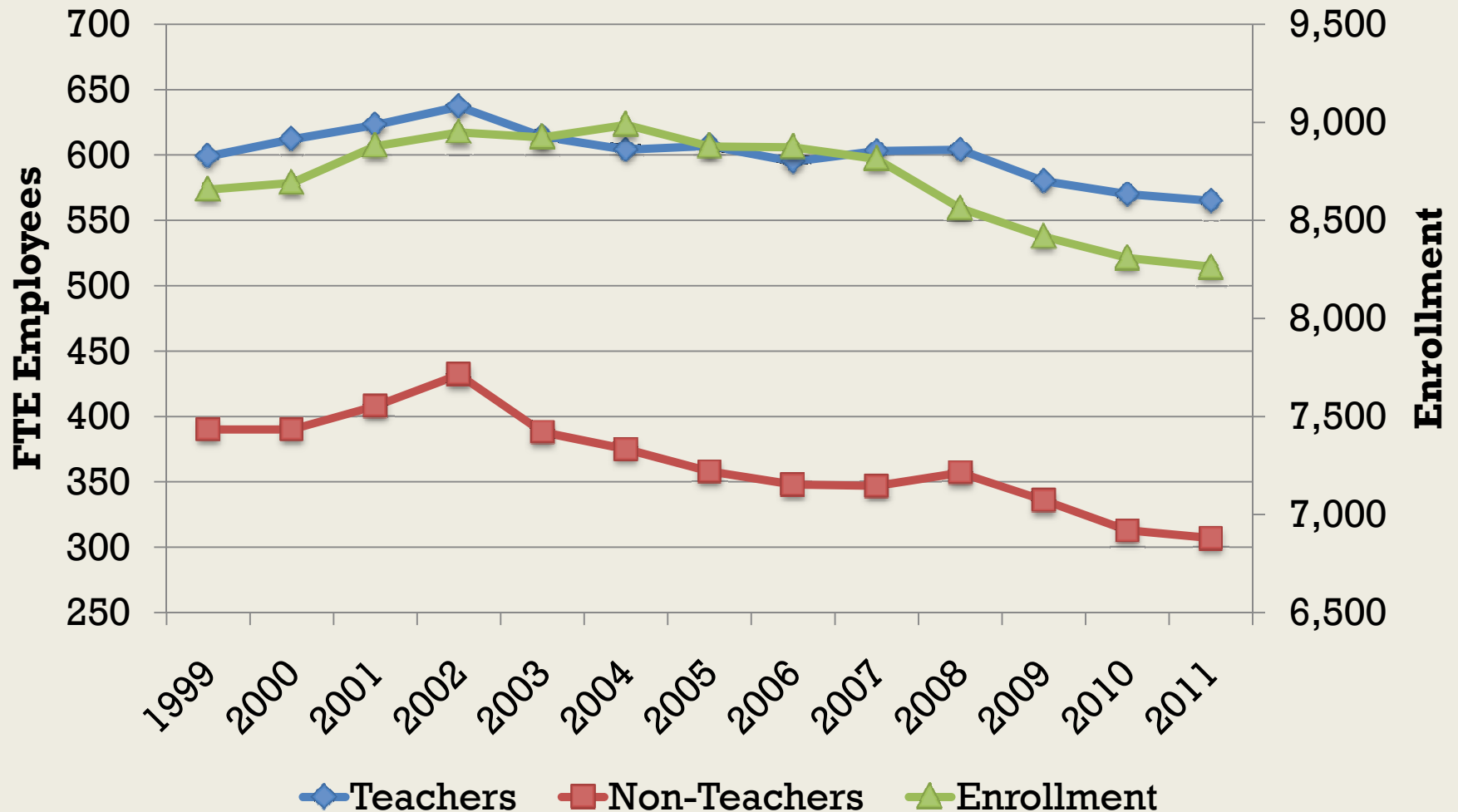
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GPPSS Teaching and Non-Teaching Staff Levels

In Proposal A era districts MUST scale staff to enrollment

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Administrative Recommended 2011-12 Staffing

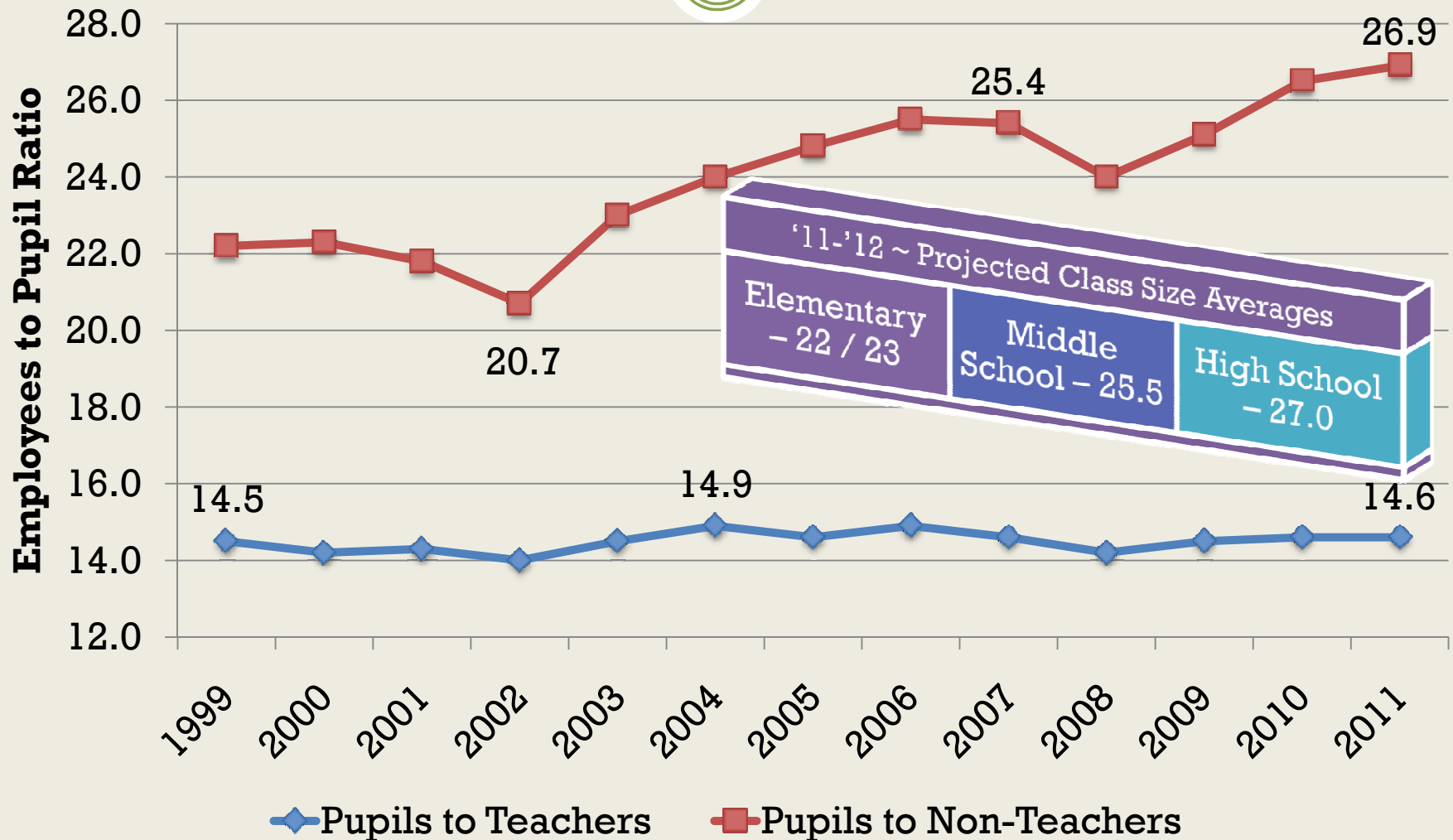
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Employee Category	2010-11 Actual	2011-12 Proposed	Change Year over Year
Teachers	569.80	565.10	-4.70
Classroom Assistant	128.80	122.50	-6.30
Paraprofessionals	8.40	8.40	--
Building Administrators	25.00	25.00	--
Exec. Administration	4.00	4.00	--
Custodians/Engineers	69.50	69.50	--
Non-Instructional Staff	15.40	15.00	-0.40
Clerical	51.30	51.50	+0.20
At Will	2.00	2.00	--
Technical Support Staff	9.00	9.00	--
TOTAL	883.20	872.00	-11.20

Scaling Staffing to Enrollment

GPPSS 12 yr Pupil Ratio to Teaching, Non-Teaching Staff

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Options to further reduce reliance on Fund Equity to balance 2011-12 budget

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Option 1 – Reductions ~ \$1M

- Classroom assistants – 5.0
- Secretarial staff – 4.0
- Technology staff – 1.0
- Custodial staff – 1.5
- Curriculum specialists – 1.6
- Non-mandated Special Ed. Asst. – 4.0

Proposal 2– Reductions ~ \$1.2M

- Elementary Resource Center – 2.0 Teachers
- Reject elementary schedule – 2.2 Teachers
- Do NOT address enrollment “hot spots” at Defer, Maire, Ferry, Richard, Parcels – 5.0 Teachers
- Collapse 2 ADK sections – 2.0 Teachers
- Reduce section options/raise class size in high school – 4.0 teachers

Herein lies fundamental question for Michigan public schools.



Will you try to reduce staff, other expenses in face of cost increases and shrinking revenue?
Or..



Acknowledge your district requires current staff levels to deliver programs community prefers, and thus staff UNIT costs must adjust?

New Contract and Implications for Budget Decisions

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Key Elements

- Restructured salary grid
- Retirement incentive
- Health care contributions (and increase provisions)
- Guarantees 10% General Fund Equity
 - ***If Fund Equity drops below 10% all employees total compensation reduced to return it to 10%***

Implications

- If 2011-12 budget projections are accurate, employee compensation in 2012-13 will drop ~2.0%
- In 2013-14, compensation would be further reduced by as much as 10%



Summary

2011-12 budget balanced

Staff reductions,
scaling to
enrollment

\$1.5M in non-staff
budget reductions

\$4.3M of Fund
Equity

Board option for
\$2.2M in further staff
cuts

Programs and Services

Enhanced
elementary
program

Addresses hot spots
(unless reversed)

No fee increases,
outsourcing, or arts
cuts

No change in high
school schedule

Long-term view

No sign of natural
funding or cost
relief

GPPSS contracts
offer means to
balance budgets

Pre-determined
model is fair, but
represents sacrifice

Programs and
services can remain
intact