



**East Grand Rapids Public Schools**

**Community Budget Guide  
2018-2019 Fiscal Year**

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

[www.egrps.org](http://www.egrps.org)

# Message from the Superintendent

November 2018

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 2018-2019 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 the Kent County Enhancement Millage approved in 2017. Consequently, the Board of Education recently approved an amended budget for the 2018-2019 fiscal year which is structurally balanced and maintains all student programs. This will be the fourth consecutive year of structural balance in the district's budget, allowing fund reserves to increase from less than 6% to over 9% of annual expenditures. The Board's goal is to maintain a 10% fund reserve, so the district will continue to search for efficiencies to increase reserves to 10%.

Over the next couple of months we will begin preparations for the 2019-2020 fiscal year (July 1-June 30) budget process and continue our focus on maintaining a structurally balanced budget which maintains 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,



Heidi S. Kattula, Ed.D., Superintendent  
Email: [hkattula@egrps.org](mailto:hkattula@egrps.org)

# Revenue Sources

## Budget Basics Information

### Per-Pupil Foundation Allowance

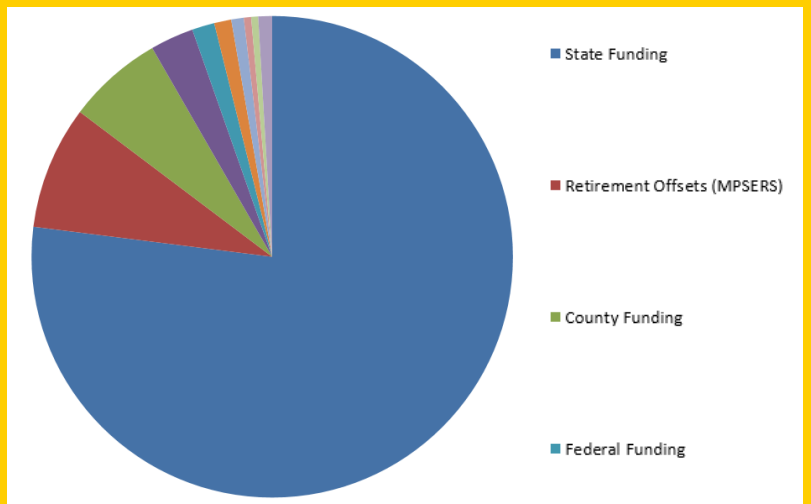
The state foundation allowance is the district's major source of funding which was created in 1994 (Proposal A). In the last few years, other sources of state funding have been provided in lieu of further increases to the foundation allowance. They include funding to offset the cost of the state retirement 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
2018-2019	\$8,064	\$218

\* 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 2017-2018 School Year

State Funding for Operations	\$23,511,650
Retirement Offsets (MPERS)	\$2,528,923
County Funding	\$1,961,281
Early Childhood Tuition & Fees	\$891,105
Federal Funding	\$461,402
Co-curricular	\$350,855
EGRNow!	\$255,000
City of East Grand Rapids	\$150,599
EGR Schools Foundation Grants	\$143,145
Others	\$283,856
<b>Total Revenues</b>	<b>\$30,537,816</b>



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 77% 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 (MPERS) represent state funding that has been dedicated to reduce the increase in state mandated retirement.

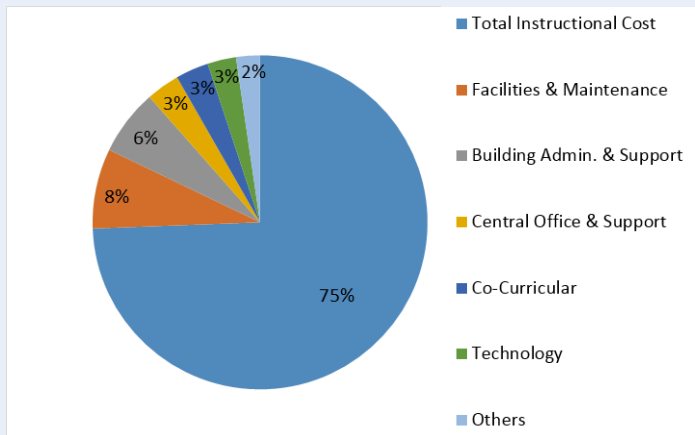
\*\* City of East Grand Rapids revenue represents the reimbursement of 50% of the expenses incurred to operate the community pool at the high school.

# Revenue Allocation

## EGRPS Expenses 2017-2018 School Year

Instructional		
Elementary	\$7,635,700	25.1%
Middle School	\$4,451,629	14.6%
High School	\$6,153,797	20.2%
Special Education	\$2,550,694	8.4%
Instructional Support	\$1,465,861	4.8%
Early Childhood	<u>\$621,367</u>	<u>2.0%</u>
<b>Total Instructional</b>	<b>\$22,879,048</b>	<b>75.3%</b>
Non-Instructional		
Facilities & Maintenance	\$2,190,134	7.2%
Building Admin. & Support	\$1,922,527	6.3%
Central Office Admin. & Support	\$1,082,215	3.6%
Co-Curricular	\$823,053	2.7%
Technology	\$816,205	2.7%
Others	<u>\$689,958</u>	<u>2.3%</u>
<b>Total Non-Instructional</b>	<b>\$7,524,093</b>	<b>24.7%</b>
<b>Total Expenses</b>	<b>\$30,403,141</b>	<b>100.0%</b>

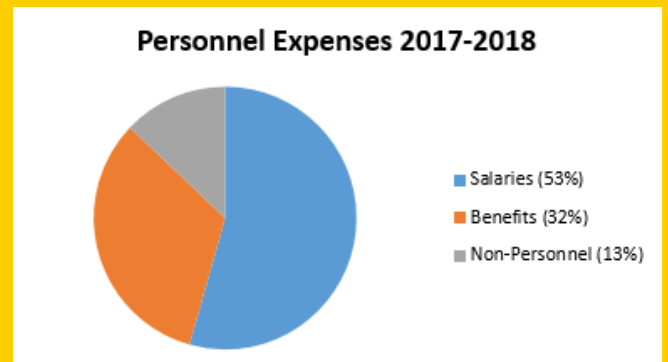
## Instructional vs. Non-Instructional Expenses 2017-2018



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 2017-2018 School Year

Salaries	\$16,000,405	52.6%
Retirement (MPSERS)*	\$6,059,655	19.9%
Medical	\$2,871,047	9.4%
Soc. Sec./Medicare	\$1,064,616	3.5%
Dental	\$308,215	1.0%
Life/LTD/Worker's Comp	<u>\$76,899</u>	<u>0.3%</u>
<b>Total Personnel</b>	<b>\$26,380,837</b>	<b>86.8%</b>
<b>Non-Personnel **</b>	<b><u>\$4,022,304</u></b>	<b><u>13.2%</u></b>
<b>Total Expenses</b>	<b>\$30,403,141</b>	<b>100.0%</b>



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 \$6,059,655 in 2017-2018 reflecting a 130% increase over eight years.** To reduce the impact on the district the state utilized \$2,528,923 of school funding resources to lower "net retirement costs" to \$3,530,732 or a "net increase of 34%" over eight 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 2016-2017 school year (most current data available).

## Like Districts in Michigan Comparison Per-Pupil Revenue 2016-2017

Per-Pupil Funding	Local Sources*	State Sources**	Federal Sources***	Total
Bloomfield Hills	\$7,603	\$7,964	\$349	\$15,927
Birmingham	\$7,045	\$7,463	\$271	\$14,826
Grosse Pointe	\$3,941	\$8,508	\$334	\$12,783
West Bloomfield	\$2,921	\$7,964	\$381	\$11,309
Okemos	\$2,878	\$7,648	\$104	\$10,716
East Lansing	\$3,513	\$6,958	\$187	\$10,700
Forest Hills	\$2,737	\$7,673	\$169	\$10,610
<b>East Grand Rapids</b>	<b>\$1,581</b>	<b>\$8,244</b>	<b>\$175</b>	<b>\$10,004</b>
Spring Lake	\$2,174	\$7,539	\$251	\$10,002

\* **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 2016-2017

Per-Pupil Funding	Local Sources*	State Sources**	Federal Sources***	Total
Grand Rapids	\$3,127	\$7,297	\$1,359	\$12,061
Godwin Heights	\$2,806	\$7,998	\$1,014	\$11,851
Wyoming	\$2,700	\$7,458	\$1,087	\$11,273
Northview	\$2,563	\$8,067	\$422	\$11,052
Godfrey Lee	\$1,378	\$8,674	\$746	\$10,807
Kent City	\$1,507	\$8,323	\$820	\$10,715
Kelloggsville	\$2,353	\$7,547	\$687	\$10,631
Kentwood	\$2,891	\$6,894	\$798	\$10,617
Forest Hills	\$2,737	\$7,673	\$169	\$10,610
Kenowa Hills	\$4,142	\$5,869	\$473	\$10,522
Sparta	\$1,960	\$7,868	\$593	\$10,429
Comstock Park	\$2,366	\$7,512	\$529	\$10,420
Caledonia	\$2,325	\$7,597	\$258	\$10,185
Byron Center	\$2,273	\$7,352	\$254	\$10,015
Rockford	\$1,837	\$7,947	\$226	\$10,009
<b>East Grand Rapids</b>	<b>\$1,581</b>	<b>\$8,244</b>	<b>\$175</b>	<b>\$10,004</b>
Grandville	\$2,843	\$6,742	\$328	\$9,941
Cedar Springs	\$1,381	\$8,041	\$423	\$9,861
Lowell	\$1,535	\$7,900	\$261	\$9,719
Thornapple Kellogg	\$1,501	\$7,799	\$317	\$9,625

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 2018-2019 fiscal year the minimum foundation allowance from the state is \$7,871 per pupil, and the maximum foundation allowance is \$8,409 per pupil. East Grand Rapids Public Schools receives \$8,064 per pupil. Districts that receive over \$8,409 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 2016-2017 school year (most current data available).

## Kent County Districts Comparison Per-Pupil Expenses 2016-2017

	Basic Programs	Added Needs	Inst. Support	Admin.	Operations & Maint.	Total Gen Fund	Avg. Teacher Salary
Godwin Heights	\$6,168	\$1,502	\$1,233	\$1,355	\$1,402	\$12,194	\$63,798
Grand Rapids	\$4,660	\$1,614	\$1,791	\$1,688	\$1,168	\$12,021	\$54,707
Wyoming	\$5,359	\$1,722	\$956	\$1,065	\$795	\$11,193	\$67,560
Northview	\$5,555	\$1,587	\$1,094	\$1,326	\$915	\$11,091	\$62,341
Godfrey Lee	\$4,933	\$1,484	\$1,643	\$1,293	\$766	\$10,886	\$55,690
Kenowa Hills	\$5,527	\$1,464	\$1,062	\$1,203	\$778	\$10,867	\$66,263
Kent City	\$5,089	\$1,359	\$1,014	\$1,273	\$857	\$10,683	\$61,369
Forest Hills	\$6,009	\$775	\$1,113	\$1,113	\$891	\$10,631	\$69,456
Comstock Park	\$5,157	\$1,787	\$1,047	\$1,160	\$673	\$10,525	\$64,273
Sparta	\$5,315	\$1,468	\$912	\$1,146	\$762	\$10,489	\$68,373
Kentwood	\$5,301	\$1,469	\$1,096	\$1,073	\$879	\$10,387	\$66,298
Kelloggsville	\$5,153	\$1,470	\$791	\$1,311	\$817	\$10,150	\$63,983
Caledonia	\$5,546	\$953	\$719	\$1,152	\$850	\$10,087	\$66,404
Byron Center	\$5,644	\$795	\$756	\$1,109	\$889	\$10,031	\$68,228
Rockford	\$5,335	\$948	\$853	\$1,044	\$876	\$9,943	\$63,664
East Grand Rapids	\$6,250*	\$526	\$928	\$1,220	\$745	\$9,925	\$69,193
Grandville	\$5,536	\$946	\$922	\$990	\$784	\$9,893	\$69,446
Cedar Springs	\$4,842	\$1,313	\$754	\$1,125	\$750	\$9,693	\$61,930
Lowell	\$4,982	\$916	\$772	\$985	\$879	\$9,474	\$61,597
Thornapple Kellogg	\$5,103	\$1,099	\$958	\$900	\$757	\$9,547	\$67,567

### 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 2016-2017

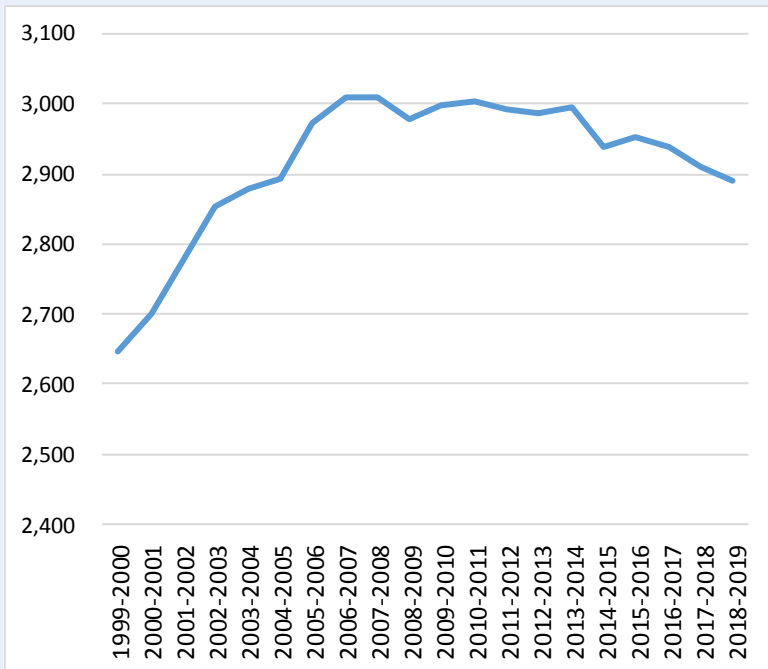
District Name	Basic Programs	Added Needs	Inst. Support	Admin.	Operations & Maint.	Total Gen Fund	Avg. Teacher Salary
Bloomfield Hills	\$7,989	\$1,459	\$1,830	\$1,745	\$1,340	\$15,518	\$76,221
Birmingham	\$7,400	\$1,709	\$1,976	\$1,722	\$1,184	\$14,825	\$73,571
Grosse Pointe	\$6,781	\$1,537	\$1,470	\$1,377	\$1,305	\$12,799	\$74,281
West Bloomfield	\$5,307	\$1,510	\$1,273	\$1,392	\$694	\$10,828	\$68,123
East Lansing	\$5,469	\$1,292	\$1,434	\$1,097	\$1,106	\$10,734	\$61,676
Okemos	\$5,930	\$1,251	\$1,143	\$1,190	\$867	\$10,665	\$62,808
Forest Hills	\$6,009	\$775	\$1,113	\$1,113	\$891	\$10,631	\$69,456
Spring Lake	\$5,602	\$1,230	\$854	\$1,126	\$719	\$9,995	\$65,541
East Grand Rapids	\$6,250*	\$526	\$928	\$1,220	\$745	\$9,925	\$69,193

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

\* The EGRPS basic program amount of \$6,250 spent per pupil represents 63% of our total general fund expenses per pupil. By comparison, Bloomfield Hills spent \$7,989 per pupil on basic programs which represents 51% of their total general fund expenses per pupil.

# Student Enrollment History

## EGRPS Enrollment History



## Blended Full Time Equivalent\* (FTE)

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	2,890
2019-2020 (forecast)	2,875
2020-2021 (forecast)	2,860
2021-2022 (forecast)	2,845

## EGRPS 2018-2019 Enrollment

Grade Level	Enrollment
Early Childhood Sp Ed	5
Kindergarten	213
1st Grade	195
2nd Grade	183
3rd Grade	198
4th Grade	209
5th Grade	223
6th Grade	232
7th Grade	204
8th Grade	247
9th Grade	237
10th Grade	248
11th Grade	252
12th Grade	243
<b>Total</b>	<b>2,889</b>

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

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 slight decrease in EGRPS enrollment. Even considering a continued trend of moderate Schools of Choice openings, the district anticipates our enrollment to decrease to approximately 2,850 in the next four years, which will result in a decrease in state revenue.

# Salary and Health Benefits

## Employees by Category

Category	2008-2009	2018-2019
Administrators	16	14
Teachers	183	175
Secretaries	18	15
Paraeducators	37	37
Technology	7	5
Custodial/Maint.	22	20
Transportation	3	0
Food Service	13	10
Teacher Assistants	3	0
Other	38	10
<b>Total *</b>	<b>340</b>	<b>286</b>

\* 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 (preschool 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	2017-2018	2018-2019
Teacher	1.00% + Step	0.00% + Step	0.00%	0.00% + Step	0.00%	0.00%	1.00%	0.00% + Step	2.00% + Step
Admin.	(2.00%)	1.00% + Step	0.00%	0.00% + Step	0.00%	(2.00%)	1.00%	2.50% + Step	1.00% + Step
Custodian	(15.00%)	0.00% + Step	1.00%	1.00% + Step	0.00%	0.00%	1.00%	0.00% + Step	1.75% + 2 Steps
Support Staff	1.00% + Step	0.00% + Step	0.00%	1.00% + Step	0.00%	0.00%	1.00%	0.00% + Step	1.75% + Step

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 \$209,000 (\$155,000 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 \$73 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 \$218 per-pupil increase in state funding for the 2018-2019 school year was the first increase greater than \$145 per-pupil 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 2019 is \$6,685 for a single plan, \$13,981 for a two-person plan, and \$18,232 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 increase for 2019 was 1.9%.

- Employees who are members of a collective bargaining group (teachers and building level support staff) participate in MESSA health care plans (Blue Cross coverage). In 2019, teachers will have four different plans they can choose from. All four plans are high deductible plans, either \$1,350/\$2,700 (ABC 1) or \$2,000/\$4,000 (ABC 2), with three of the plans requiring 10% co-insurance (up to additional \$2,000/\$4,000) after the deductible has been met. Building level support staff have two different plans to choose from, a high deductible plan (\$1,350/\$2,700) with no co-insurance, or a \$375/\$750 deductible PPO plan with 20% co-insurance up to the federal out of pocket maximum (\$7,900/\$15,800).
- Administrators and central office support staff participate in the Western Michigan Health Insurance Pool (WMHIP), a regional public employer self-funded insurance pool. Employees participating in the WMHIP program have a \$1,350/\$2,700 high deductible plan with no co-insurance provided by Priority Health.

Health Insurance	2019 Annual Premium	Single	Two Person	Family
	State Cap		\$6,685	\$13,981
MESSA ABC 1		\$7,416	\$16,663	\$20,732
MESSA ABC 1 w/10% co-ins		\$6,905	\$15,515	\$19,303
MESSA ABC 1 w/10% co-ins & 3-Tier Rx		\$6,523	\$14,654	\$18,232
MESSA ABC 2 w/10% co-ins		\$6,484	\$14,566	\$18,122
MESSA Essentials \$350/\$700 w/20% co-ins		\$5,581	\$12,534	\$15,593
WMHIP		\$6,352	\$14,292	\$17,786



# 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.

<b>Revenues</b>	<b>2010-2011</b>	<b>2011-2012</b>	<b>2012-2013</b>	<b>2013-2014</b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>
State Funding	\$23,186,397	\$22,895,463	\$22,870,222	\$23,089,783	\$23,548,896	\$23,986,362	\$24,201,737	\$26,040,573
County Funding *	\$1,355,690	\$1,400,603	\$1,359,362	\$1,337,150	\$1,409,775	\$1,261,028	\$1,340,501	\$1,961,281
Federal Funding	\$446,396	\$474,949	\$377,512	\$465,592	\$458,560	\$540,917	\$512,962	\$461,402
Federal Stimulus	\$653,780	\$496,896	\$0	\$0	\$0	\$0	\$0	\$0
Co-Curricular	\$316,625	\$285,821	\$297,478	\$341,732	\$333,236	\$351,866	\$338,586	\$350,855
Early Childhood Tuition & Fees	\$510,547	\$655,523	\$637,299	\$631,577	\$703,621	\$774,379	\$734,985	\$891,105
EGRNow! **	\$0	\$0	\$520,470	\$270,855	\$145,400	\$255,310	\$406,000	\$255,000
<b>Total Revenues</b>	<b>\$28,005,362</b>	<b>\$27,408,436</b>	<b>\$27,715,769</b>	<b>\$28,096,177</b>	<b>\$28,482,253</b>	<b>\$29,352,069</b>	<b>\$29,369,189</b>	<b>\$30,537,816</b>
Less Retirement Offsets ***	\$0	(\$304,634)	(\$618,763)	(\$1,058,811)	(\$1,700,941)	(\$1,934,319)	(\$2,056,340)	\$2,528,923
<b>Net Revenues</b>	<b>\$28,005,362</b>	<b>\$27,103,802</b>	<b>\$27,097,006</b>	<b>\$27,037,366</b>	<b>\$26,781,312</b>	<b>\$27,417,750</b>	<b>\$27,312,849</b>	<b>\$28,008,893</b>
<b>Expenses</b>	<b>2010-2011</b>	<b>2011-2012</b>	<b>2012-2013</b>	<b>2013-2014</b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>
Salaries (incl. Contracted Svc)	\$16,214,803	\$16,270,036	\$16,447,889	\$16,436,707	\$16,263,243	\$15,327,499	\$15,737,167	\$16,000,405
Medical, Dental, Vision, Life, LTD	\$3,371,578	\$3,534,744	\$3,011,455	\$2,996,948	\$3,016,873	\$3,012,719	\$3,174,606	\$3,231,505
Retirement (MPERS)	\$3,100,865	\$3,730,146	\$4,145,622	\$4,572,726	\$5,479,796	\$5,452,209	\$5,424,913	\$6,059,655
Social Security/Medicare	\$1,184,475	\$1,184,615	\$1,166,731	\$1,180,599	\$1,211,194	\$1,031,247	\$1,034,441	\$1,064,616
Co-Curricular	\$857,544	\$745,966	\$780,660	\$784,264	\$927,400	\$946,120	\$931,600	\$823,053
Utilities	\$965,198	\$904,821	\$1,004,683	\$1,090,147	\$1,039,018	\$1,104,538	\$1,107,197	\$995,900
Capital Outlay & Technology	\$130,078	\$138,451	\$227,326	\$141,924	\$36,715	\$20,965	\$81,276	\$77,995
Teaching Supplies/Textbooks	\$181,469	\$202,599	\$176,424	\$313,952	\$283,463	\$293,730	\$239,467	\$228,569
<b>Total Expenses</b>	<b>\$28,193,360</b>	<b>\$28,078,187</b>	<b>\$28,416,035</b>	<b>\$28,717,076</b>	<b>\$29,410,484</b>	<b>\$28,614,857</b>	<b>\$29,136,783</b>	<b>\$30,403,141</b>
Less Retirement Offsets	\$0	(\$304,634)	(\$618,763)	(\$1,058,811)	(\$1,700,941)	(\$1,934,319)	(\$2,056,340)	\$2,528,923
<b>Net Expenses</b>	<b>\$28,193,360</b>	<b>\$27,773,553</b>	<b>\$27,797,272</b>	<b>\$27,658,265</b>	<b>\$27,709,543</b>	<b>\$26,680,538</b>	<b>\$27,080,443</b>	<b>\$27,874,218</b>

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. In 2017-2018 county funding included the 0.9 mill enhancement millage, which provided \$610,000 in additional funding.

\*\* **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 (MPERS) 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 2017-2018, gross retirement costs were \$6,059,655, after receiving offset funding of \$2,528,923; net retirement costs for the district were \$3,530,732.

# Financial Forecast

	2018-2019 Amended	2019-2020	2020-2021
Revenues	\$30,795,708	\$31,078,092	\$31,348,503
Expenses	<u>\$30,784,786</u>	<u>\$31,189,772</u>	<u>\$31,471,380</u>
Net Change in Fund Reserve	\$11,222	(\$111,680)	(\$122,877)
Ending Unreserved Fund Reserve	\$2,807,412	\$2,695,732	\$2,572,855
Ending Unreserved Fund Reserve %	9.1%	8.6%	8.2%
Per-pupil Foundation Allowance	\$8,064	\$8,214	\$8,314
Enrollment	2,890	2,875	2,860
Base Salary Increase	2%	0%	1%
Seniority Step Increase	2%	2%	0%

State  
Funding

EGRNow!

Salaries  
&  
Benefits

Staffing  
Requirements

## Looking Ahead:

In 2017-2018, for the third consecutive year, the district was able to increase its fund reserve. The district added \$134,675 to fund reserves, bringing its total fund reserves to \$2,796,190, or 9.2% of 2017-2018 expenditures. Increasing fund reserves from 5.7% to 9.2% of annual expenditures the last three years has greatly improved the district's financial stability.

The Board of Education recently adopted an amended budget for 2018-2019 that would increase the fund reserve by \$11,222 to \$2,807,412 or 9.1%. The Board of Education is pleased it has adopted a structurally balanced budget for 2018-2019 while maintaining all educational programs and services and also providing the largest compensation increase to district staff in nine years. The 2018-2019 budget includes \$239,709 in EGRNow! contributions and \$650,000 in county enhancement millage funding. Those funds were used to continue supporting all of the district's programs and services.

We are currently planning for the 2019-2020 and 2020-2021 budget years and currently project potential deficits of approximately \$100,000 in each of those fiscal years. Anticipated increases in state per-pupil funding (\$150 and \$100 per pupil respectively) are partially offset by reductions in student enrollment (15 each year). As the EGRNow! campaign transitions into EGRNow&Forever the district is taking a conservative estimate of contributions, forecasting \$150,000 and \$200,000 the next two years, which is below the historical average for EGRNow! Expenditures are forecasted to rise slightly each fiscal year; including a step increase to wages in 2019-2020 (2%), and a 1% overall increase in 2020-2021. Increases in district health care costs of 1.9% and 2.5% have been budgeted, and a reduction of one teaching position in 2020-2021 due to the projected decrease in student enrollment.

As the Board of Education and administration work to achieve structural balance for 2019-2020 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 in 2018-2019 and beyond a strong educational program focused on academic excellence.

# Budget Performance & Fund Reserve History

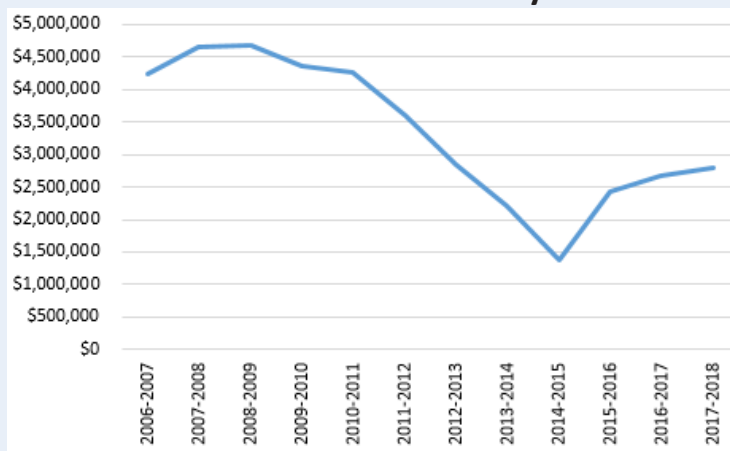
In response to the Michigan economic downturn and reductions in annual per-pupil state funding the district used a significant portion (\$3.0 million) of its fund reserve from 2009 to 2015. In the spring of 2009, the Board of Education and administration formulated a plan to draw down the fund reserve to 10% over four years in an effort to shield the district from additional budget cuts and allow for the Michigan economy to strengthen. The plan was executed 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 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 collective 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, \$232,406 in 2016-2017, and \$134,675 in 2017-2018, increasing total reserves to \$2,796,190, or 9.2% 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	\$30,537,816	\$30,403,141	\$134,675	\$2,796,190	9.2%
2018-2019 (Budget)	\$30,795,708	\$30,784,486	\$11,222	\$2,807,412	9.1%

**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 \$218 per student increase to the foundation allowance received in 2018 finally allowed the district to surpass 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 seven years, the district has received \$2.1 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 additional funding for student programs. For the 2018-2019 school year, the district receives \$225 per student from the enhancement millage.

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 greatly appreciates 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 students’ success, and the tireless support of our volunteers has been instrumental in continuing the district’s Tradition of Excellence.

	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>
<b>Recreational Millage</b>	\$778,965	\$812,171	\$823,635	\$846,667	\$855,833	\$864,848	\$908,257
<b>EGRNow!</b>	\$520,470	\$270,855	\$145,400	\$255,310	\$406,000	\$254,000	\$239,709
<b>Enhancement Millage</b>	\$0	\$0	\$0	\$0	\$0	\$610,000	\$650,000

<b>Recreational Millage (\$908,257 in 2018-2019)</b>	<b>EGRNow! (\$239,709 in 2018-2019)</b>	<b>Enhancement Millage (\$650,000 in 2018-2019)</b>
<ul style="list-style-type: none"> <li>• School district share of community pool expenses, (water, utilities, supplies, custodial services)</li> <li>• Partial support of athletic facility and playground maintenance</li> <li>• Partial support of evening custodial services</li> <li>• Partial support for Performing Arts Center management</li> <li>• Estimated cost of utilities during recreational activities</li> </ul>	<ul style="list-style-type: none"> <li>• Complete funding of kindergarten and 1<sup>st</sup> grade classroom paraeducators</li> <li>• Partial funding for the elementary World Language program</li> </ul>	<ul style="list-style-type: none"> <li>• Complete funding of elementary specials (Art, Music, Physical Education)</li> <li>• Partial funding for elementary reading support</li> <li>• Additional high school guidance counselor position</li> <li>• Additional kindergarten teacher position</li> <li>• Additional classroom technology support</li> </ul>

# 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 seven times over a 12-year period **saving EGR taxpayers \$7.9 million in interest.**

	<b>EGRPS Bond Construction Programs</b>	<b>Current Outstanding Balance</b>	<b>Payoff Date</b>
1996	Building Renovations & Breton/Lakeside Gyms	\$3,970,000	2020
2000	PAC & HS Pool Expansion	\$16,675,000	2029
2006	Building Renovations & Classroom A/C	\$12,330,000	2031
2007	Athletic Facilities	\$8,365,000	2032
2014	Security & Technology	\$15,240,000	2039
2018	Roofs, Boilers, Technology	\$12,100,000	2038

## 2018 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 to finance improvements in 2015 and 2016. In August 2018, an additional \$12.1 million in bonds were sold to finance improvements in 2019 and 2020. 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 building mechanical control 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 was completed in 2016:

- Enhanced main entrances at the three elementary schools, high school, and Woodcliff Early Childhood Center
- 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 will begin in 2019, concluding in 2020:

- Renovation of all roofs districtwide
- Replacement of boiler systems at Breton Downs and Wealthy
- Renovation of building mechanical control systems districtwide
- Improvements at the high school, middle school, and Woodcliff in 2019
- Improvements at Breton Downs, Lakeside, and Wealthy in 2020
- Updated technology throughout the district, including classroom technology, devices, projector screens, servers, storage, network security, and enhanced wired and wireless infrastructure. 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 each fiscal year. 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).
- When considering local, state, and federal sources of revenue, EGRPS ranks 16<sup>th</sup> out of the 20 Kent County school districts for total revenue received per pupil, and 8<sup>th</sup> out of the 9 "like districts" from around the state (page 4).
- Board of Education continues to place a strong emphasis on budget allocations (75.3% 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 (24.7% of total budget) (page 3).
- Personnel expenses represent 87% of the total operational budget (page 3).
- Mandated state retirement (MPERS) costs have increased significantly over the last eight years (130%), 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 \$300,000 lower than six 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).
- \$1.1 million in fund balance has been restored from 2016 to 2018, bringing reserves to \$2.8 million, or approximately 9% of 2018 general fund expenditures.

## 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 \$7.9 million over 12 years through the end of 2018 (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 from 2015-2016 to 2017-2018 brings the district close to its target of 10% of expenditures, currently leaving little room for use of fund reserves to protect against reductions in educational programs and services.
- Until increases in state funding consistently exceed minimal increases in district costs, maintaining a structurally balanced budget will continue to be a challenge.
- Projected increases of less than normal inflation 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](http://www.egrps.org)

## District Administrators

Dr. Heidi S. Kattula  
Superintendent  
[hkattula@egrps.org](mailto:hkattula@egrps.org)

Jennifer S. Fee  
Assistant Superintendent of Instruction  
[jfee@egrps.org](mailto:jfee@egrps.org)

Kevin Philipps  
Assistant Superintendent of Business  
[kphilipp@egrps.org](mailto:kphilipp@egrps.org)

William Behrendt  
Director of Special Education  
[wbehrend@egrps.org](mailto:wbehrend@egrps.org)

Douglas Jenkins  
Director of Technology and Assessment  
[djenkins@egrps.org](mailto:djenkins@egrps.org)

## Building Administrators

Breton Downs Elementary  
Dr. Caroline Breault-Cannon, Principal  
[ccannon@egrps.org](mailto:ccannon@egrps.org)

Lakeside Elementary  
Stephanie Thelen, Principal  
[sthelen@egrps.org](mailto:sthelen@egrps.org)

Wealthy Elementary  
Carlye Allen, Principal  
[callen@egrps.org](mailto:callen@egrps.org)

Middle School  
Anthony Morey, Principal  
[amorey@egrps.org](mailto:amorey@egrps.org)

High School  
Craig Weigel, Principal  
[cweigel@egrps.org](mailto:cweigel@egrps.org)

Shelly Schram, Asst. Principal  
[sschram@egrps.org](mailto:sschram@egrps.org)

Steve Wojciechowski, Asst. Principal  
[swojciec@egrps.org](mailto:swojciec@egrps.org)

Lori Johnston, Director of Guidance  
[ljohnsto@egrps.org](mailto:ljohnsto@egrps.org)

Tim Johnston, Director of Athletics  
[tjohnsto@egrps.org](mailto:tjohnsto@egrps.org)

## Board of Education

Natalie Bernecker, President  
[nberneck@egrps.org](mailto:nberneck@egrps.org)

Elizabeth Welch, Vice President  
[elizabeth@welch-law.com](mailto:elizabeth@welch-law.com)

Beth Milanowski, Secretary  
[bmilanow@egrps.org](mailto:bmilanow@egrps.org)

Brian Coles, Treasurer  
[colesbrian@att.net](mailto:colesbrian@att.net)

Mark Hessler, Trustee  
[mhessler98@comcast.net](mailto:mhessler98@comcast.net)

Brad Laackman, Trustee  
[brad@honorpm.com](mailto:brad@honorpm.com)

Robert Wolford, Trustee  
[wolfordr@millerjohnson.com](mailto:wolfordr@millerjohnson.com)



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

Additional Resources  
[www.egrps.org](http://www.egrps.org)  
[www.michigan.gov/mde](http://www.michigan.gov/mde)