Budget Development #1
Process and Enrollment Information

Board of Education
Regular Meeting
February 6, 2019

1. Budget development Process
2. Budget Variables
3. General Information
Budget Development Process

- Presentations to board and committees (Feb – June)
- Budget managers process – 3 scheduled (March, April, May)
- Revise projections based on local impact; such as enrollment, and other expenditures
- Review Budget proposals’ from Governor, House, Senate
- Identify and consider Legislative budgets impact to LCS budget
- Make adjustments as needed to be able to recommend a “balanced Budget” for board approval (June adoption)
# Budget Development Process Timeline

<table>
<thead>
<tr>
<th>Activities</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Board Meetings &amp; Topics</strong></td>
<td>Feb 2</td>
<td>Feb 5</td>
<td>Mar 6</td>
<td>Apr 4</td>
<td>May 1</td>
<td>June 3</td>
</tr>
<tr>
<td>Feb 20 - Special Board Meeting</td>
<td>- Strategic Plan Update: Present Final Plan</td>
<td>- Superintendent Evaluation: Final Update to Board</td>
<td>- Consider Superintendent Contract</td>
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**Leadership Activities**

| February 8 | - Union Leadership (SCUH) Meeting | - Enrollment Update | - Budget Process |

**Budget Development**

<table>
<thead>
<tr>
<th>March 11 – Budget Mgr. #1</th>
<th>April 26 – Budget Mgr. #2</th>
<th>May 21 – Budget Mgr. #3</th>
<th>May Revenue Consensus Estimating Conference</th>
<th>State Adopted School Aid Act for 19-20</th>
</tr>
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<tbody>
<tr>
<td>9:30-11:00</td>
<td>9:30-11:00</td>
<td>9:30-11:30</td>
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**Key Legislative Elements**

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<tbody>
<tr>
<td>Governor State of the State Speech</td>
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**Collective Bargaining**

|ratification vote LSIDA | complete MOU prep for LSIDA and Meacham bargaining | Institute bargaining with IFA & Mechanics |

**Staffing**

<table>
<thead>
<tr>
<th>March 15 - LEA section allocations to principals</th>
<th>April 1 - Admin Reduction Notice</th>
<th>June 15 - LESP Tent Assign</th>
<th>June 19 - LEA Involuntary Transfers</th>
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<tbody>
<tr>
<td>March 19 &amp; 20 – Kindergarten Round-Up</td>
<td>April 19: LEA Tentative Assignments &amp; Posting</td>
<td>June 15 - LESP Involuntary Transfers</td>
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<td>April 29 – Para section allocations to buildings</td>
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**Strategic Planning**

| Feb 20 – Special Meeting: Board Presentation: Strategic Plan Update - Final Plan | | |

**SIP Planning**

|Feb 20 – Special Meeting: Board Presentation: Strategic Plan Update - Final Plan | | | |

**Need to Schedule**

| | | Schedule Committee Meetings to discuss budget cut items |

4/8/19
Primary Budget Variables

- State funding structure for public schools is uncertain
  - Adequacy Study
  - New State Legislature, Governor
  - Vacant State Superintendent Position
- Current funding structures for schools are primarily based on student enrollment
- Global and National Economy
- Michigan Economy
Budget Variables
Revenue / Expenditures

- Number of students $X$ per-pupil foundation allowance = annual revenue
- **Example:** 5,000 students $X$ $7,871 = $39,355,000
- Variable sources of funding also contribute to annual budget

- Salary
- Health care
- MSPERS (Employee State Retirement System)
- Fuel / Transportation costs
- Capital Outlay
- Utility Costs
Budget Variables - Revenue

- Per Pupil Foundation Allowance increase/decrease still unknown for 19-20
- High School FTE categorical (differential funding)-unknown for 19-20
- Non-Public & Homeschool (continued dilution of allowable FTE claimed)
- Elimination of over 19 Categorical Grants
- CTE per-pupil incentive funding
- Grant sources
  - Title I was split into 2 areas
    - Title I & Title IV with limitations continue into 18-19
    - Change in methodology from local to county Free & Reduced pupils continues
  - Changing national political scene – funding changes possible in 18-19 and beyond – no Federal budget yet as of 2-4-19!
Stanfred Consultants Enrollment Projection (Fall 2018)

For Budget Planning Purposes

- Most Likely
- Low
- = Blended projection

## October to October Enrollment Summary from Official State Report

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<tbody>
<tr>
<td>Current Year October</td>
<td>5,891.47</td>
<td>5,636.28</td>
<td>5,466.11</td>
<td>5,284.06</td>
<td>5,133.14</td>
<td>4,949.53</td>
<td>4,989.06</td>
</tr>
<tr>
<td>Previous Year October</td>
<td>6,068.13</td>
<td>5,891.47</td>
<td>5,636.28</td>
<td>5,466.11</td>
<td>5,284.06</td>
<td>5,133.14</td>
<td>4,949.53</td>
</tr>
<tr>
<td>Total Actual Change in FTE</td>
<td>-176.66</td>
<td>-255.19</td>
<td>-170.17</td>
<td>-182.05</td>
<td>-150.92</td>
<td>-183.61</td>
<td>39.53</td>
</tr>
<tr>
<td>Actual loss due to Graduation Exit and Kindergarten Enrollment</td>
<td>-175</td>
<td>-173</td>
<td>-150</td>
<td>-171</td>
<td>-116</td>
<td>-122</td>
<td>-126</td>
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*10-30-18*  
*unaudited*
Positive Variables Impacting FTE

• Softening of Enrollment Decline
  • New FTE via Lapeer Virtual and Lapeer Homeschool Partnership (LHP)
    • Transition from LHP part-time (partial FTE) to full-time virtual (full FTE)
  • Increased School of Choice enrollment (new FTE)
# Fund Balance/Expenditures Comparison

<table>
<thead>
<tr>
<th>FY Year</th>
<th>Lapeer %</th>
<th>Lapeer $</th>
<th>Board Goal</th>
<th>Statewide Average *</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>7.51%</td>
<td>$3,673,384</td>
<td>10 %</td>
<td></td>
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<tr>
<td>2017</td>
<td>7.16%</td>
<td>$3,458,632</td>
<td>10 %</td>
<td>12.79%</td>
</tr>
<tr>
<td>2016</td>
<td>6.06%</td>
<td>$2,945,139</td>
<td>10 %</td>
<td>11.37 %</td>
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<tr>
<td>2015</td>
<td>4.99 %</td>
<td>$2,479,349</td>
<td>10 %</td>
<td>9.83 %</td>
</tr>
<tr>
<td>2014</td>
<td>5.31 %</td>
<td>$2,632,143</td>
<td>10 %</td>
<td>9.45 %</td>
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</table>
General Information – Macro View

• **January 2019 Revenue Conference Information:**
  • State-wide pupil membership decrease by approx. 13,200 students for 18-19
  • School Aid Fund (SAF) Revenue Growth Projections
    • FY 18’-19’ – 1.5 %
    • FY 19’-20’ – 2.9 %
    • FY 20’-21’ – 2.3%
  • Continued Slow growth in economy, low inflation = State Revenue slow to grow
  • Auto sales hit high point last year, now in decline – Michigan economy heavily reliant on auto sector
  • State General fund pressure from Road repairs and other tax reductions kicking in over the next few years.
    • Unknown - GF to push more expenditures through the SAF in 19-20 and beyond

• **May Revenue Conference – again will be pivotal point to estimates**
Budget Development Process Next steps

- **February**
  - Watch Governor “State of State” speech for budget priorities for 19-20 budget cycle and beyond

- **March / April**
  - Get glimpse of Senate & House S.A. bills and begin compiling preliminary budget for 2019-20
  - 1st budget manager meeting – share similar known-to-date information

- **April**
  - Present preliminary forecast to Board
  - Present detailed available information to Budget Managers (#2 mtg) for solicitation of input

- **May**
  - Revised preliminary budget with new information from Legislators and May Revenue Conference
  - Prepare Recommended Budget to adopt for 2019-20

- **June**
  - Hold required Public hearing on Proposed Budget
  - Board adoption of Recommended Budget

4/8/19
Questions / Comments