Lapeer Community Schools
Budget Managers' Meeting #1 Talking Points
February 28, 2018

- **Budget Process Timeline** is long (Jan-June and then Legislative Outcomes) & subject to vast speculation before final "positions" are settled.

- Legislatively, **only Governor Snyder has released a budget** for the coming year. This budget proposes an increase of $240 per-pupil for base foundation allowance districts like Lapeer and a continuance of the high school categorical. Even in this scenario, we would fall $22 per pupil short of covering enrollment decline). Once the House and Senate release their budget proposals in the next month, we will have a better idea of the parameters of the final budget.

- **Current state funding structure** for schools (based primarily on student count) is not expected to change in the near future. As our enrollment continues to decline due, in large part, to lower county birth rates, we will continue to wrestle with less revenue on an annual basis.

- Over the last six school years, we have seen **a decline in enrollment** equal to an average of 185 FTE per year or approximately $1.4 million less in revenue. This average FTE loss mirrors projections made by our outside consultants (Stanfred Consultants) that the district relies on for forecasting budgets.

- The **District's fund balance** (FB) sits at just over 7 percent as we continue to work toward our board goal of 10 percent. The fund balance is much healthier than it was just three years ago, but still lags behind the statewide average. For the current fund balance, 3.5 million, 1 year without any Foundation Allowance increase could result in us falling back into the 5% fund balance range.

- Our **annual FTE loss and corresponding revenue decline** outpace the district's ability to make equivalent reductions without impacting our educational delivery process.

- Still **no Federal Budget as of 3-1-18**, leaving uncertainty in funding from Federal Grant sources.

- Although the district may continue to generate revenue through the **sale of district property** (such as White Jr. High), per Board policy revenue generated in this manner must be spent on capital projects and/or facility repairs such as boiler replacement, roof patching, driveways, security, etc.

- Address long-term budgetary challenges through genuine multi-year **Strategic Planning Process**.

Specific Areas of LCS Budget Pressure:

Wages	• Annual growth from contractual commitments – i.e. steps or time work raises • Minimum wage pressures • Full employment economy – competition for workers
State Benefit Costs	• Hard Caps increasing @ roughly 3% annually • Benefit Plan premiums increasing – pressure on employee co-pay
Retirement System	MPSERS unfunded liability will continue (not projected to be fully funded until approx. 2030+) to pressure the School Aid Fund dollars off the top or actual employer rate.
Curriculum	State Accountability focus will pressure the need for districts to be relevant and current in all CORE areas, requiring purchases and associated training for staff.
Technology	Replacement/upgrades – ever changing instructional delivery models
Utility Costs	Continued global supply/demand price pressures along with MI regulatory proposed changes.
Bus Fuel	Volatility of global Geo/Political issues coupled with supply/demand pressures.
Bus Fleet Replacement	16 buses behind schedule, pushing our replacement timeline from a 9 year to 13+ years of the entire fleet.
Facility Infrastructure	Preventative maintenance Building security needs Aging facilities - costly repairs of Electrical, Plumbing, HVAC, roofs, driveways, etc.