



School District of the City of Hazel Park

2017/2018 Budget Projections and Updated Forecast for Deficit Elimination

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School Aid Act Update



- Both House and Senate have approved their versions of the State Aid budget for next year.
- Consensus Revenue Estimating Conference (CREC) is scheduled for Wednesday, May 17, to update revenue estimates for the coming year.
- Following CREC a conference committee meeting will take place to iron out the differences between the two.
 - Budget deal expected by early June.
 - Budget deal has been in place by June 1 for the past five years.

2017/18 School Aid Legislation



Description	Current 2016/17	Governor 2017/18	House 2017/18 (HB 4313)	Senate 2017/18 (SB 149)
Foundation Allowance	\$7,724	+\$91 to \$7,815 +\$301,665	+\$100 to \$7,824 +\$331,500	+\$161 to \$7,885 +\$533,715
Additional Foundation Allowance for High School Students	\$0	\$50 \$+73,050	\$0	\$0
MPSERS 147a Offset Funds	\$269,725	No Change \$269,725	No Change \$269,725	\$0 -\$269,725
At-Risk Grant	\$1,486,879	+\$279,124 to \$1,766,003	+\$279,090 to \$1,765,969	+\$251,953 to \$1,729,996
Net Funding Change		<u>+\$653,839</u>	<u>+\$610,590</u>	<u>+\$515,943</u>

2017/2018 Projected Budget



	Amended Budget <u>2016/2017</u>	Projected Changes <u>2017/2018</u>	Projected Budget <u>2017/2018</u>
Revenue	\$37,125,955	\$476,621	\$37,602,576
Expenditures	\$36,084,098	(\$134,948)	\$35,949,150
Budget Surplus (Deficit)	\$1,041,857	<u>\$611,569</u>	\$1,653,426
Beginning Fund Balance (Deficit)	(\$5,961,520)		(\$4,919,663)
Estimated Ending Fund Balance (Deficit)	<u>(\$4,919,663)</u>		<u>(\$3,266,237)</u>

- 2016/2017 budget amounts reflect the second amendment adopted by the Board of Education on March 27, 2017..
- \$1.65 million surplus projected for 17/18 year based on Governor's Budget proposal and other factors.

2017/2018 Projected Revenue



Budgeted Revenue - 2016/2017		\$37,125,955
Projected Changes:		
1% decrease in blended student count from 3,349 to 3,315		(\$262,616)
\$100/student increase in foundation from \$7,724 to \$7,824 (HB 4313)		\$331,500
Additional state aid for Early 5 Classroom - 20 students		\$156,480
Section 31a At-Risk grant increase (HB 4313)		\$279,090
Restoration of special ed state aid due to one-time adjustment in 2016/2017		\$488,251
Decrease in PA18 Funds from Oakland Schools for Special Education		(\$372,868)
Removal of one-time insurance proceeds for HPHS fire		(\$120,000)
Decrease in rent and indirect costs from Center Program due to reduced programming in FY2018		<u>(\$23,216)</u>
Net Increase in Revenue		<u>\$476,621</u>
Projected Revenue - 2017/2018		<u>\$37,602,576</u>

2017/2018 Projected Expenditures



Budgeted Expenditures - 2016/2017

\$36,084,098

Projected Changes:

Estimated savings from 12 teacher retirements	(\$639,844)
Additional teaching and support positions	\$494,661
Allowance for compensation adjustments/restoration	\$400,000
Increase in MPERS rate by 0.62% (24.94% to 25.56%)	\$98,245
Reduction in costs associated with 2014 Early Retirement Incentive Payment - Final Payment in 16/17	(\$75,000)
3.3% increase in medical insurance costs due to increase in statewide hard cap	\$108,261
At-Risk programs TBD due to added funding	\$279,090
Restoration of curriculum funds, teaching supplies, and professional development budgets reduced in 16/17 Amendment	\$148,500
Estimated decrease in tuition costs for Center Students	(\$142,861)
Elimination of one-time expenses in 16/17 associated with HPHS fire restoration costs	(\$120,000)
Reductions in worker comp and property insurance premiums	(\$39,000)
Additional expenditure adjustments TBD	(\$647,000)
Net Change in Expenditures	(\$134,948)

Projected Expenditures - 2017/2018

\$35,949,150

Forecast for Deficit Elimination

(amounts in millions of dollars)



	14/15	15/16	16/17	<u>Projected Budgets</u>		
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>17/18</u>	<u>18/19</u>	<u>19/20</u>
Revenue	\$41.41	\$36.80	\$37.12	\$37.60	\$37.97	\$38.34
Expenditures	\$43.23	\$34.74	\$36.08	\$35.95	\$36.32	\$36.72
Budget Surplus (Deficit)	(\$1.82)	\$2.06	\$1.04	\$1.65	\$1.65	\$1.62
Beginning Fund Balance (Deficit)	<u>(\$6.20)</u>	<u>(\$8.02)</u>	<u>(\$5.96)</u>	<u>(\$4.92)</u>	<u>(\$3.27)</u>	<u>(\$1.62)</u>
Estimated Ending Fund Balance (Deficit)	<u>(\$8.02)</u>	<u>(\$5.96)</u>	<u>(\$4.92)</u>	<u>(\$3.27)</u>	<u>(\$1.62)</u>	<u>(\$0.00)</u>
Approved EDEP	<u>(\$8.02)</u>	<u>(\$6.40)</u>	<u>(\$4.80)</u>	<u>(\$3.20)</u>	<u>(\$1.59)</u>	<u>\$0.00</u>
Variance	<u>\$0.00</u>	<u>\$0.44</u>	<u>(\$0.12)</u>	<u>(\$0.07)</u>	<u>(\$0.03)</u>	<u>(\$0.00)</u>

- 16/17 Budget has District off by \$120,000 from EDEP
- Deficit will be fully eliminated by end of 19/20



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Questions & Discussion