

Grand Rapids Public Schools Budget Crisis

Winter 2005

Fund Balance History

We have been successful in maintaining fund balance while facing declining enrollment and loss of revenue

<u>Year-Ending</u>	<u>Balance</u>	<u>Percentage</u>
June 30, 2001	\$ 7,671,044	3.4%
June 30, 2002	\$10,116,849	4.6%
June 30, 2003	\$13,862,014	6.2%
June 30, 2004	\$14,240,060	6.4%

Budget Cuts

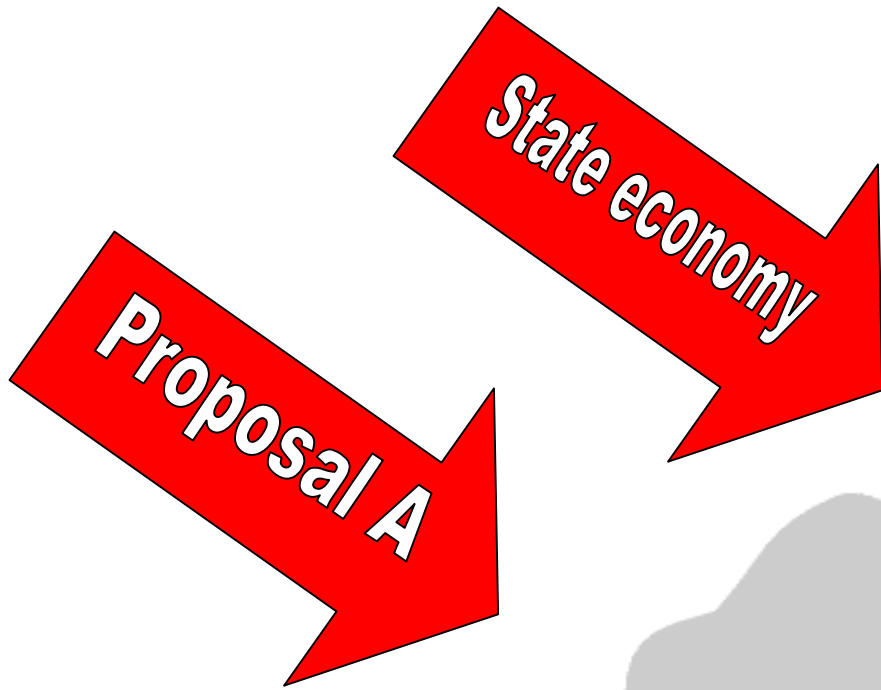
GRPS has reduced programs and services by more than 45 million dollars* over the previous six school years

- buildings closed
- class sizes increased
- programs eliminated such as Early 5's, outdoor education, and kindergarten art
- administrative and school-based positions eliminated
- transportation services reduced or eliminated
- special education services restructured
- new textbook adoptions postponed

* *The \$45 million is in addition to teacher reductions made as a result of declining enrollment*

Current Financial Position

	Balance	Percent
June 30, 2004 fund balance	14,240,060	6.4%
Use of fund balance:		
original adopted budget	(1,644,077)	
amendment one	<u>(1,087,058)</u>	
Subtotal	11,508,925	
Additional uses of fund balance:		
increased student loss	(800,000)	
potential state aid pro-ration	<u>(1,500,000)</u>	
June 30, 2005 projected fund balance	9,208,925	4.0%



Declining Enrollment

Per Pupil Funding

High Needs Students

Crisis Factors

State economy/Proposal A

- Per pupil funding
 - 3 years of flat per pupil funding
 - mid-year funding reductions due to decline in state revenue
 - no per pupil increase anticipated for 2005/2006
 - per pupil funding is inequitable - varies by district
- Declining enrollment
 - State revenue declines much more rapidly than expense under Proposal A

What does this mean?

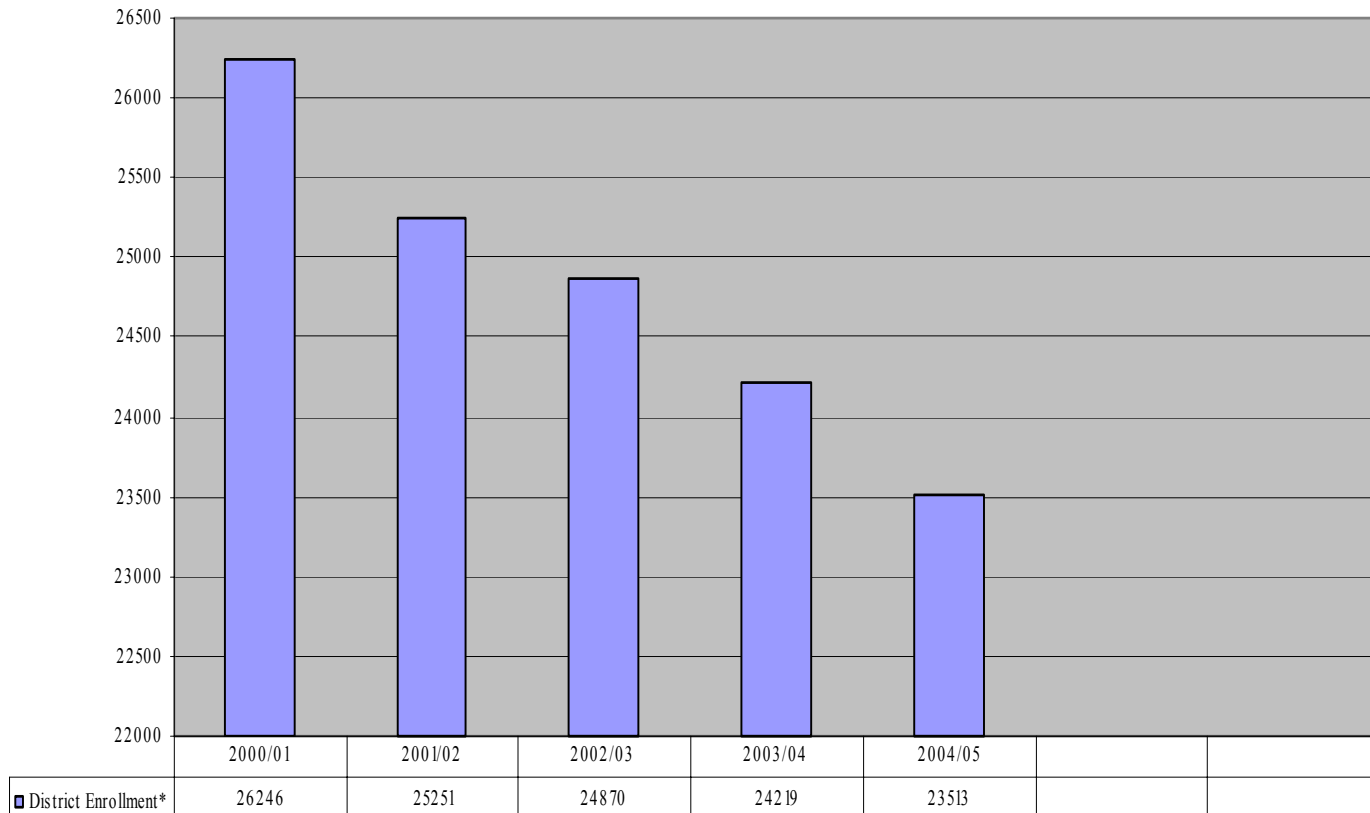
GRPS lost over 800 students this year - over \$5 million in State revenue

We have over 1500 classrooms in the district, with a loss of less than 1 child per classroom - **what could be cut?**

District K-12 Enrollment History

*does not include Shared Time or Adult Ed

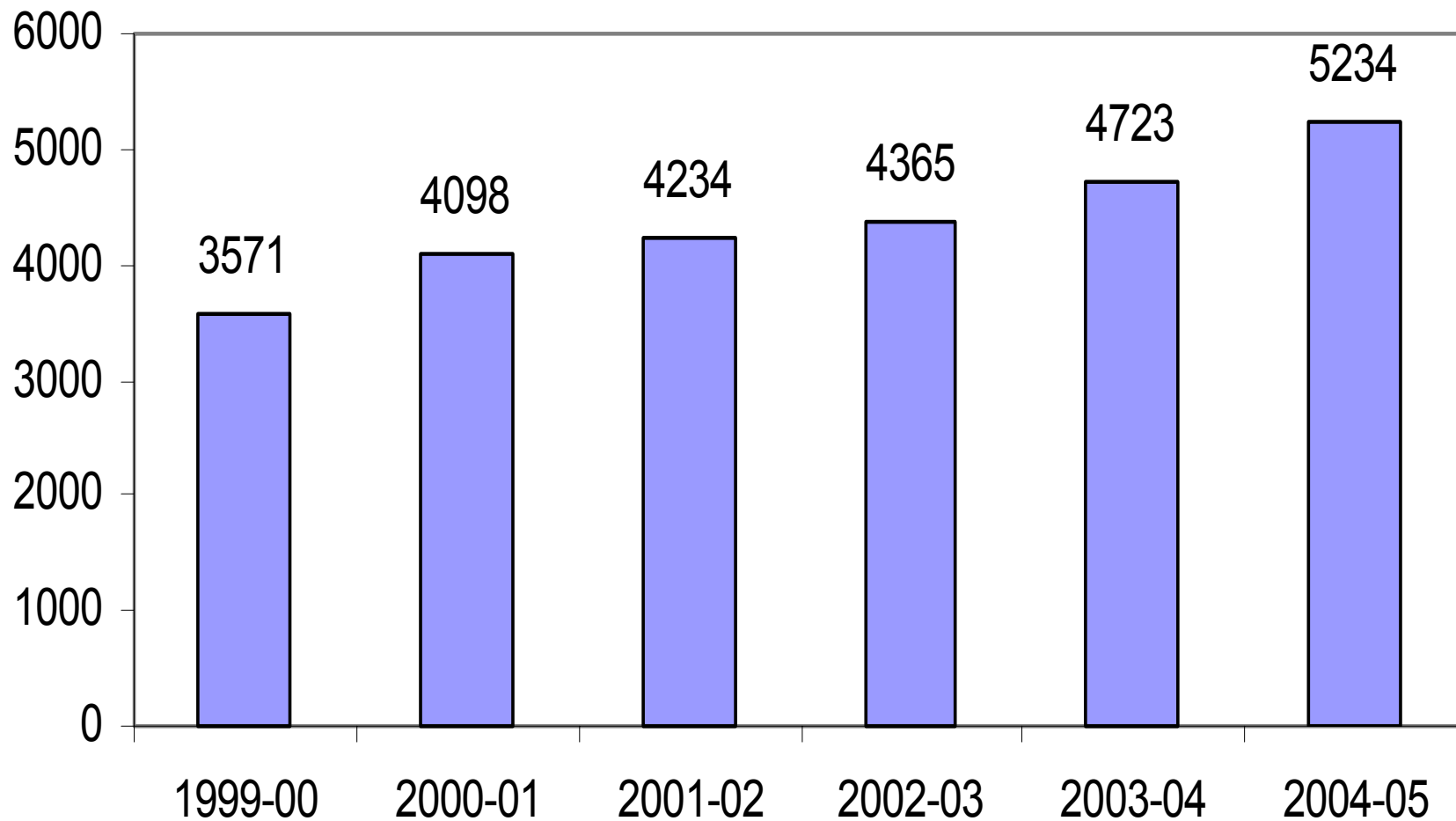
District Enrollment*



Crisis Factors, cont.

- High needs student population
 - increasing poverty rate
 - 76% of GRPS students qualify for free and reduced lunch (as of October, 2004)
 - high percentage of special education students
 - approximately 13.9% of GRPS students receive special education program services
 - other KISD districts range from 2.7% to 7.3%
 - KISD charter schools range from 0 to 3.8%
 - increasing numbers of second language learners

Number of GRPS Second Language Students Served



Underfunding of Spec. Ed.



Perfect Storm

Crisis Factors, cont.

Under-funding of special education services

- approximately \$15 million was used to cover the excess costs of special education during the 2003/2004 fiscal year
 - current year excess cost is estimated to be approximately \$11 million (the decrease is due to passage of increase in county special education millage)

- the average cost of providing for the educational needs of a special education child is \$21,500 and can exceed \$60,000 per child

Increasing benefit costs



Perfect Storm

Crisis Factors, cont.

Increasing employee benefit costs

- benefit costs range from 31% to 66% of salary per covered employee
 - support service groups exceed 50%
- state retirement system currently requires a contribution of 14.87% of salary
- rapidly increasing health insurance rates

Retirement Costs

Year	Rate	Cost	Percent of Budget	Amount per pupil
2004	12.99%	\$16,528,000	7.5%	\$704
2005	14.87%	\$17,213,000	7.7%	\$762
2006*	17.87%	\$23,662,000	10.0%	\$1,047

**estimate
information does not include grant funding costs*

Healthcare Costs

Year	Cost	Percent of Budget	Amount per pupil
2004	\$24,883,000	11.3%	\$1,060
2005	\$26,056,000	11.6%	\$1,153
2006*	\$29,964,000	12.7%	\$1,326

**estimate
information does not include grant funding costs*

Total Retirement and Healthcare Costs

Year	Total Cost	Percent of Budget	Amount per pupil	Foundation per pupil
2005	\$43,269,000	19.2%	\$1,915	\$6,782

Information does not include grant funding costs

