Grosse Pointe Public School System
Blue Ribbon Committee

February 14, 2019
GPPSS Financial Summary
GPPSS Financial Information – State Aid Funding

Current school funding structure follows this basic formula:

**Enrollment x Foundation Allowance = State Aid**

- Foundation Allowance = **$9,984 per student** for 2017/2018
  - The annual per student amount of state aid funding
- Foundation Allowance is comprised of 2 portions – local and state
  - **Local** portion funded by 18 mills on non-primary residence property in Grosse Pointe and 6 mills on commercial property + additional community support of 6.3 mills on primary residence property = **$2,913 per student** or 29% of total foundation
  - **State** portion funded by 6 mills on ALL property = **$7,071 per student** or 71% of total foundation
GPPSS Foundation Allowance History
GPPSS Foundation Allowance Projection*

* The State determines the change in foundation allowance based on revenue projections – prudent budgeting would start with assumed zero increases beyond 2019
GPPSS Enrollment History *

* Based on General Education Blended Count
GPPSS Financial Information – General Fund Revenue, Expenditures & Fund Balance

Amounts in Millions of Dollars
GPPSS Financial Information – General Fund Balance as a Percent of Expenditures

Grosse Pointe’s Fund Balance

0.0% 2.5% 5.0% 7.5% 10.0% 12.5% 15.0% 17.5% 20.0%
19.0% 16.4% 13.7% 5.9% 1.9% 6.0% 7.8% 7.0% 6.7% 10.4%
**GPPSS Enhancement Millage**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$2,726,789</td>
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<tr>
<td>2018</td>
<td>$2,632,939</td>
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<tr>
<td>2019</td>
<td>$2,700,000</td>
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*Currently approved through 2021. Renewal would need to be approved countywide AND new renewal will be shared with charter schools*
Unknowns for 2019/2020

- State Funding
- Retirement rate and State support
- Enrollment changes
- Contract negotiations
- Countywide enhancement millage longevity
School Funding – The Importance of Enrollment

- Foundation Allowance drives funding
- Enrollment drives the revenue
- Enrollment changes are enacted “immediately” by the State in terms of revenue
- A reduction of 100 students (1% of the total) means a revenue reduction of $1 million
- Enrollment RARELY changes in one building/class/grade
Some Tactics to Address an Enrollment Decline - Financially

- Increase class sizes
- Reduce instructional staff
- Defer projects
- Utilize fund balance
- Change program offerings
Current Fund Balance / Expenditure Ratio

GPPSS Peer District Review

Per Audited financial statements for 6/30/18