

The background of the slide features a collage of financial and business-related items. In the top left, a pair of glasses rests on a document with a colorful stacked area chart. Below the glasses is a white calculator with a digital display and various function buttons. To the right, a silver pen lies diagonally across a document featuring a pie chart with four segments in shades of blue, red, green, and purple. In the bottom right, another document shows a grouped bar chart with bars in blue, red, green, and purple. The overall scene is set against a light, slightly blurred background of various financial reports and charts.

GVSD Budget 2018-2019

May 7, 2018

The background of the slide features a collage of financial and business-related items. In the top left, a pair of glasses rests on a document. Below them, a calculator is visible. The central and right portions of the image are filled with various charts: a large area chart with multiple colored layers (purple, green, red, blue) at the top, a pie chart with four segments (purple, blue, red, green) and percentage labels (10%, 25%, 30%, 35%) to its right, and a bar chart with several groups of bars in blue, red, green, and purple at the bottom. A silver pen lies diagonally across the bottom right area.

Preliminary Projections

Expenditure Projections

A. 4/30/18

B. Health Care Trend

C. State Budget

D. Reserves

Preliminary Projections

2017-2018 Operating Projection April 30, 2018

	Budget 2017-2018	Projected 2017-2018	Actual 2016-2017
Revenues	\$96,250,000	\$97,143,222	\$94,675,344
Expenditures	99,800,000	99,670,319	95,642,838
	(\$3,550,000)	(\$2,527,097)	(\$967,494)

Watch Areas

- Health Care
- **Building Heating/Snow Removal**
- Special Education
- State Budget

Preliminary Projections

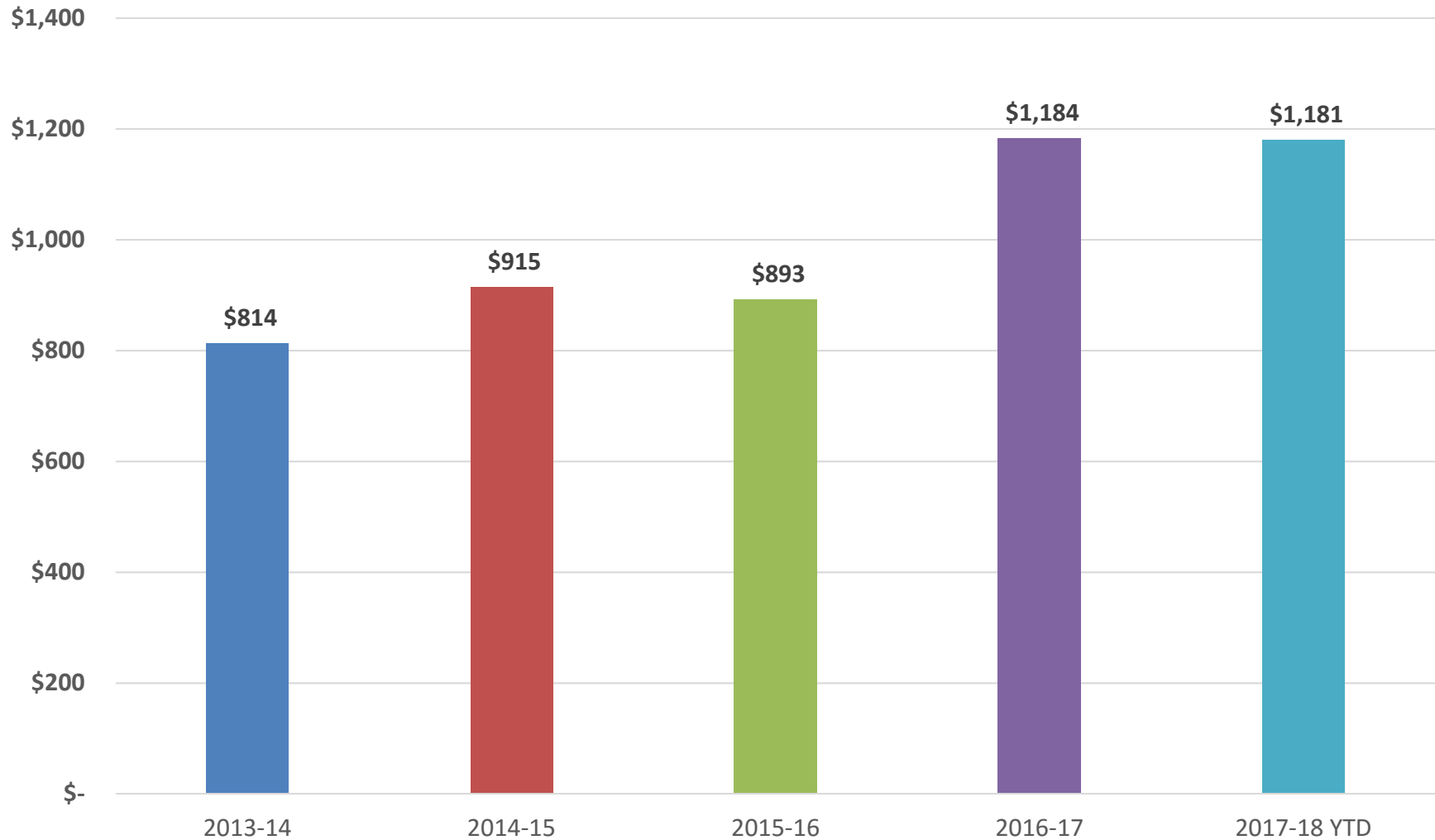
**Health Care Costs
Since Self-Funding**
Health Care Historic and Projected Costs
2010-2019



Overview of Significant Budget Challenges

Thru 3/31

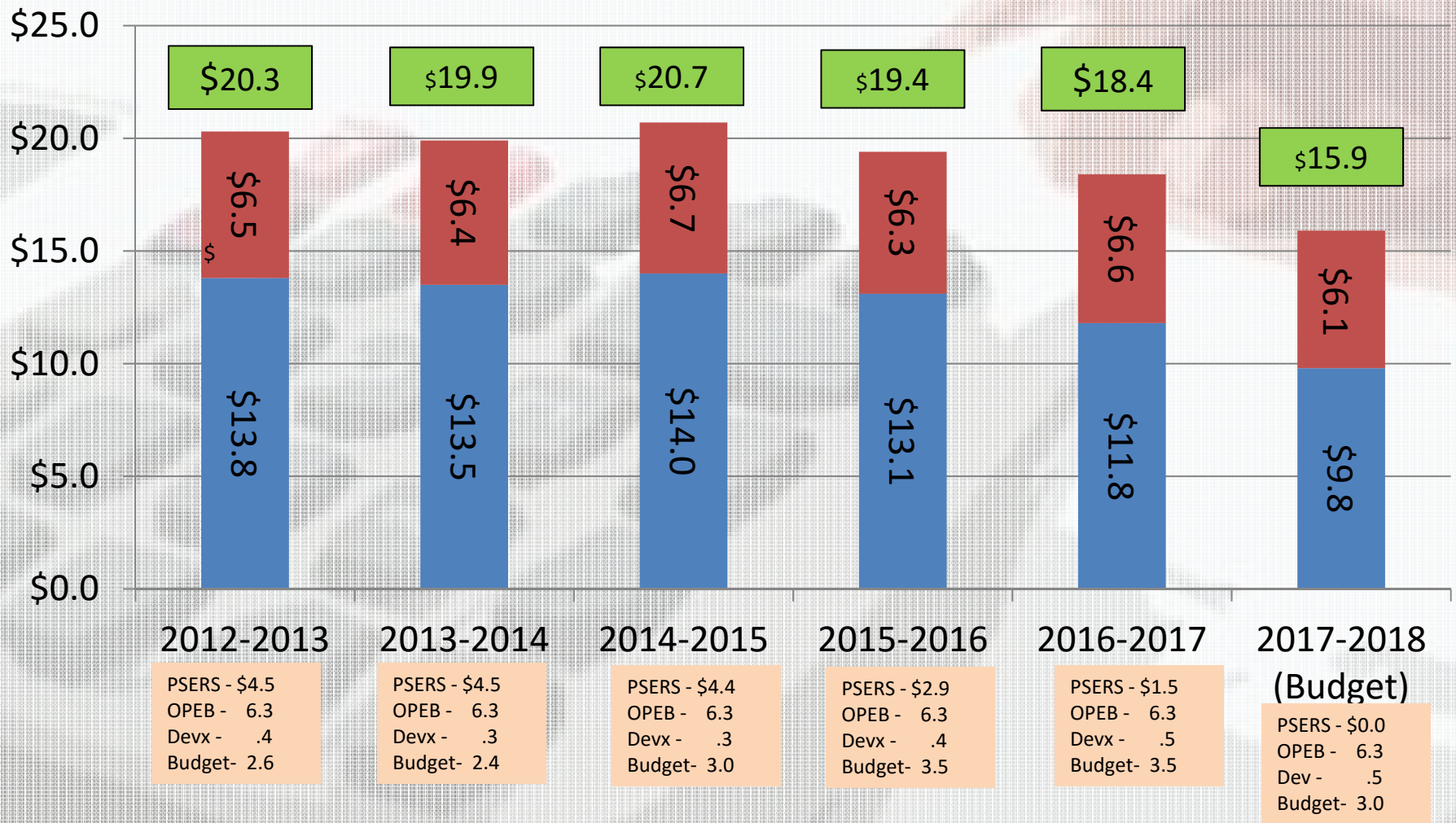
Historical Medical Costs
Per Employee Per Month



Reserves

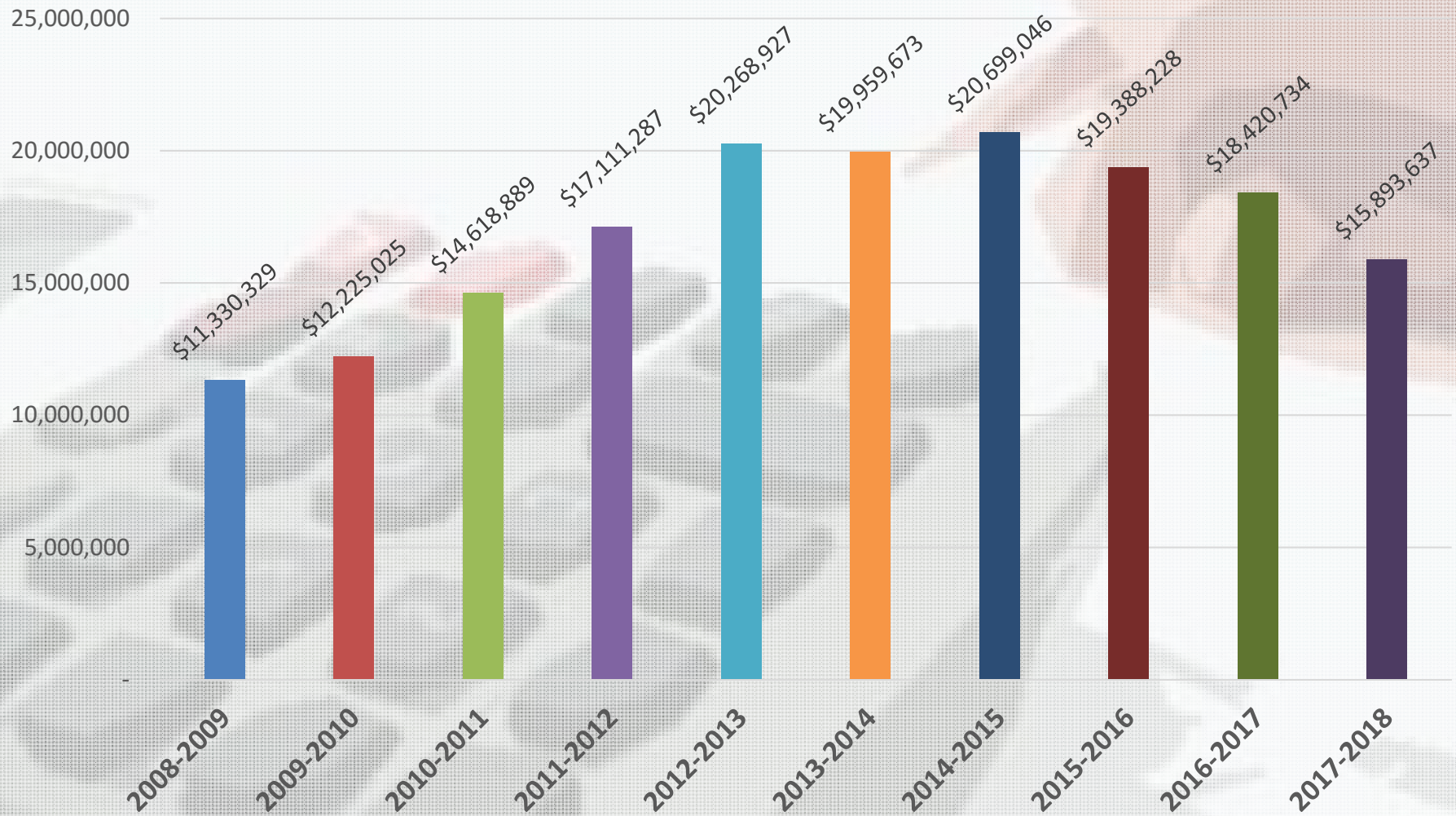
Blue = Committed/Assigned
Red = Non-Committed

General Fund Reserve (In Millions)



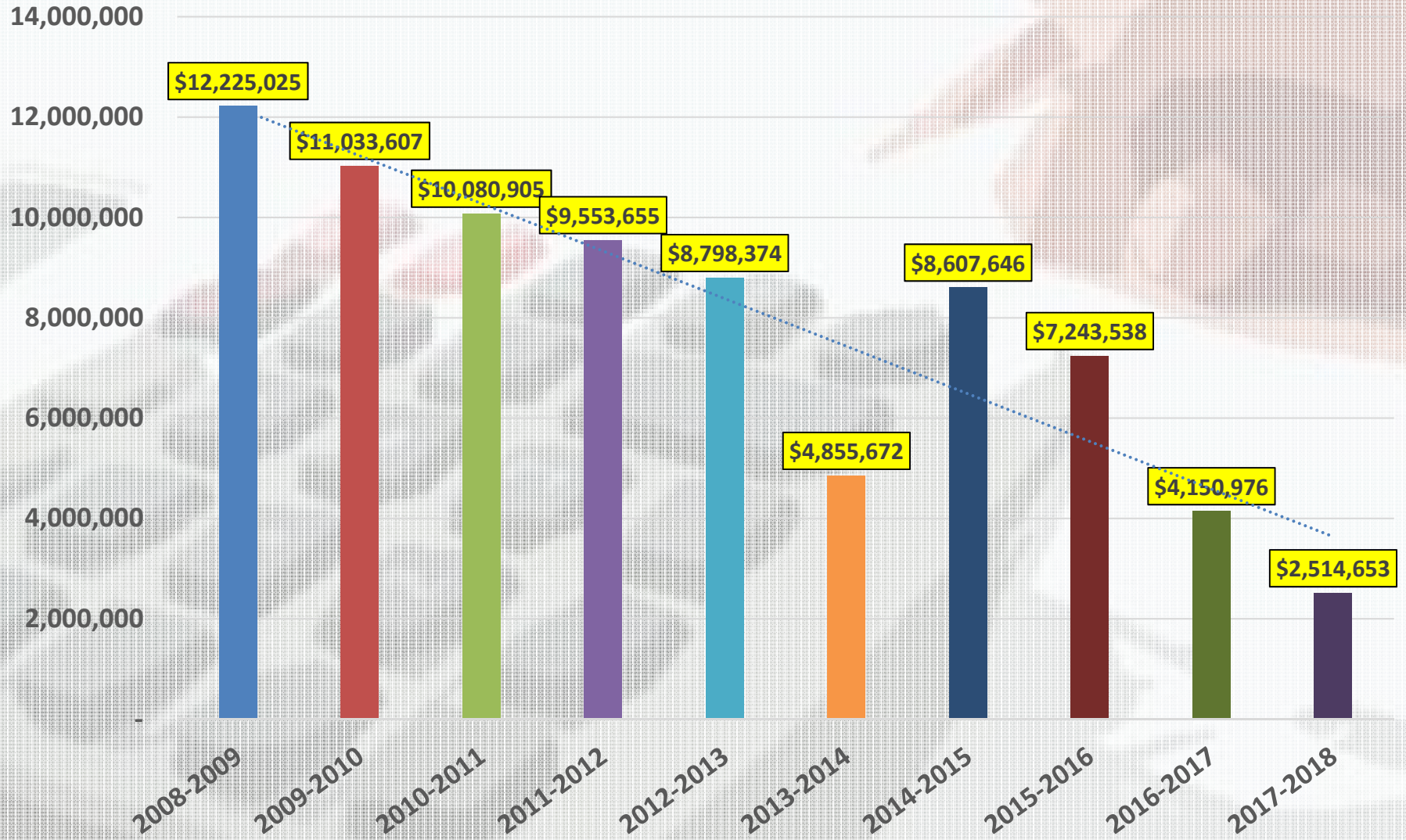
Reserves

Historical Look at Reserves

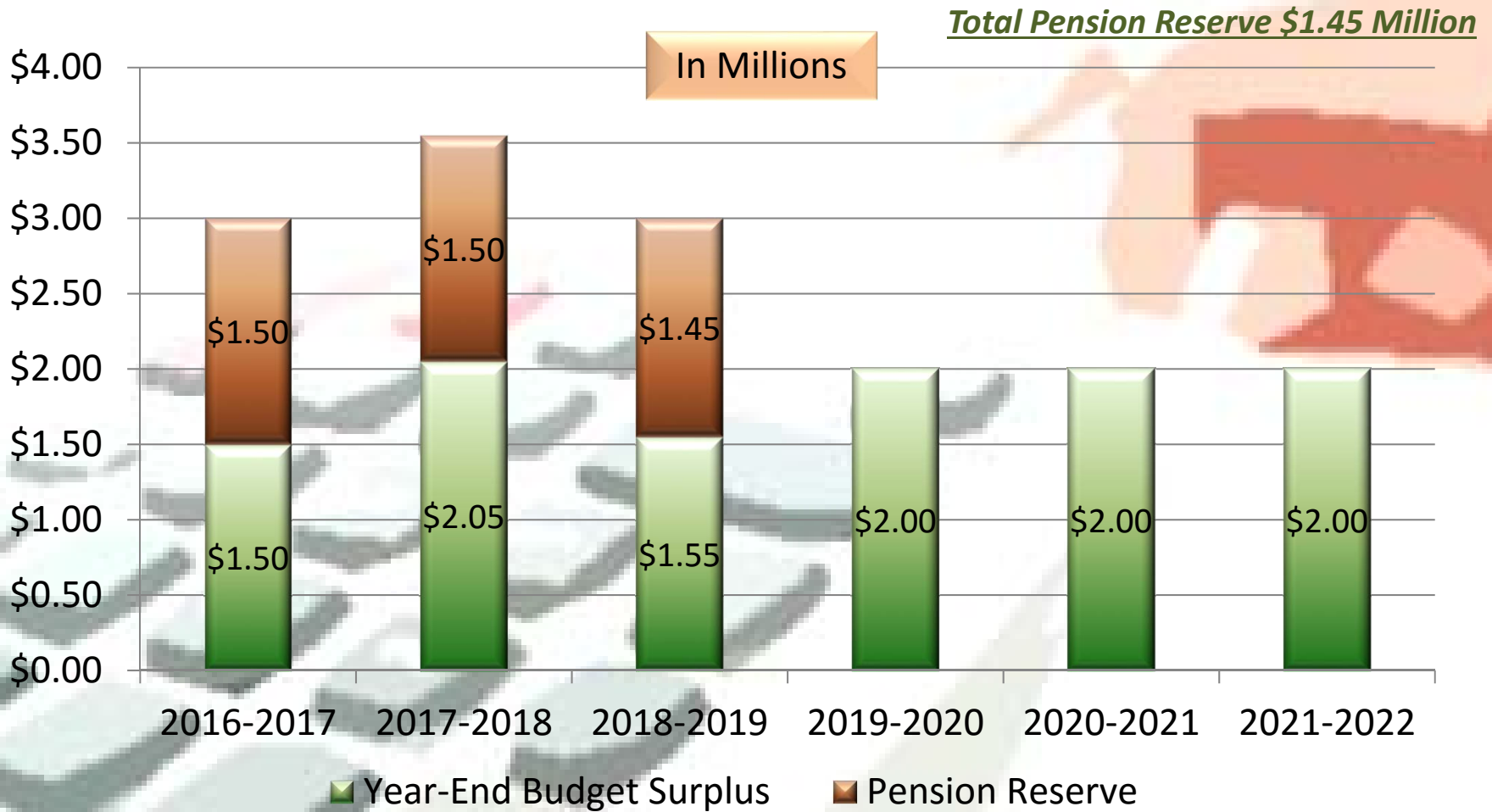


Reserves

Capital Project Reserves 2008-2018

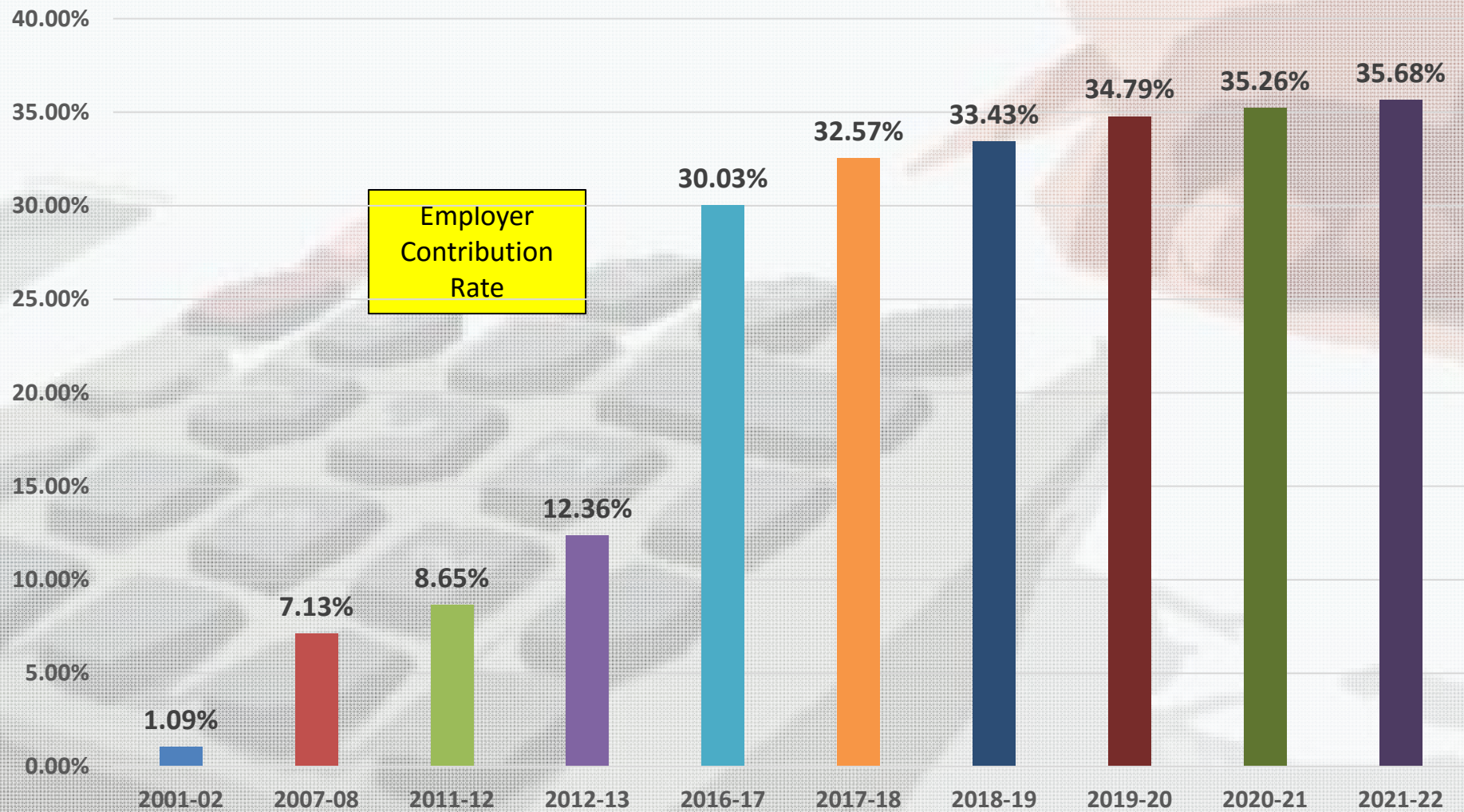


Proposed Planned Use of Reserves



The Pension Issue

Historical & Projected Pension Contribution Rates



The background of the slide features a collage of financial and business-related items. On the left, a pair of glasses rests on a document with a line graph. In the center, a calculator is visible with its keypad. On the right, a silver pen lies across a pie chart. The overall theme is financial analysis and budgeting.

Variables

- Economy
- Teacher Contract
- Politics
 - State Budget
 - Looming Threat of Property Tax Reform
- Special Education
- Benefits Costs
 - Pension/Health Care



**2018-2019 GVSD
Budget at a Glance
May 7, 2018**

Changes since April 16, 2018 for 2018-2019:

>Special Education

Reduce Personal Care Aide Budget
\$300k as result of RFP

>Benefits

Reduce Prescription \$250k

Reduce Workers Compensation \$150k



Major Increases for 2018-2019:

- >Salaries: +\$700k
- >Benefits: +\$2.1m
- >Special Education: + \$2.0m
- >Translation: \$100k
 - >Included in Sp. Ed.
- >Other Schools: +\$800k
- >Other Financing
 - >Debt Service: -\$4.2m
 - >Transfer to Capital Projects: +\$3.4m
 - >Technology: +\$800k



Building a Budget:

Staffing:	67.7%	(\$71.1 million)	72.7%
Debt:	5.0%	(\$5.2 million)	
Support of Other Schools:	7.8%	(\$8.2 million)	80.5%
Transportation:	4.6%	(\$4.8 million)	85.1%
Infrastructure:	7.7%	(\$8.1 million)	92.8%
Operating Costs:	6.9%	(\$7.3 million)	99.7%
Budgetary Reserve:	0.3%	(\$0.3 million)	100%



Total Budget: \$105,000,000



Total:
\$105,000,000

Revenues: Funding the Budget	
Local Sources	\$ 84.2 million
State Sources	15.2 million
Federal Sources	0.7 million
TOTAL REVENUE	\$100.1 million
BUDGET GAP before any tax increase	4.9 million
Use of Reserves	3.0 million
TOTAL before any tax increase	\$103.1 million
BUDGET GAP After proposed use of Reserves	\$ 1.9 million

Estimated Revenue

Estimated Revenue from Act 1 Index
(Allowable increase of 2.4%)
21.295 mills

\$1.9 million

Remaining Budget Gap

\$0 k

Staffing: Projected for 2018-2019

School Level	Staffing Proposed
Secondary	4.0 Decrease <i>(Reduced through retirements and elimination of co-teaching)</i>
Elementary	No Change <i>We do project a potential net decrease due to re-alignment, but will budget no change</i>
Special Education	3.0 Increase 1.0 Psychologist 1.0 Elementary Autistic Support 1.0 Speech/Language 1.0 HS Learning Support
Other's (Teaching & Learning)	1.0 Increase 1.0 English Language Development Coordinator 1.0 Secondary Reading Specialist
Estimated Total	0.0 Positions increased (with elementary budgeted at the same as 2017-2018)

Class Size

Suggested Elementary Class Size Ranges

Kdg. – 1 st	18 – 22 Students
2 nd – 3 rd	20 – 24 Students
4 th – 5 th	22 – 26 Students

Suggested MS Class Size Ranges

6 th – 8 th	24 – 28 Students
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Suggested HS Class Size Ranges

9 th – 12 th	26 – 30 Students
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(Adm. Guidelines
Board Policy #126)

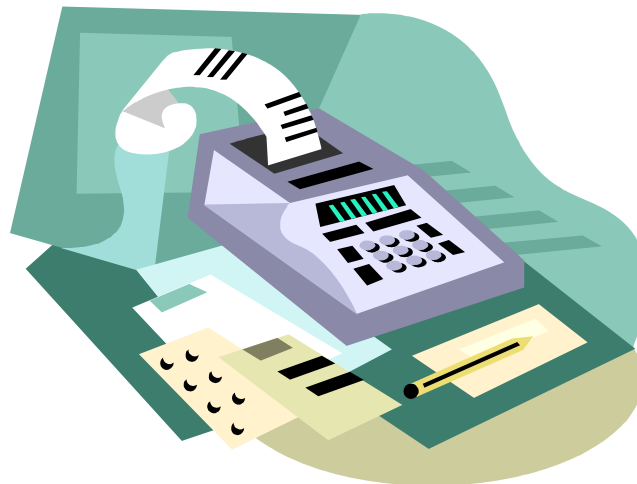
Secondary classes with enrollments of fewer than fifteen (15) students shall require administrative approval in order to be conducted.

A Look at Millage:

Current millage (17-18):	20.800
Millage proposed to fund 18-19 budget:	21.295

Difference: 2.4%

Recommendation:
"No Exceptions Needed"



Act 1 Index = 2.4%

A 5-Year Financial Picture

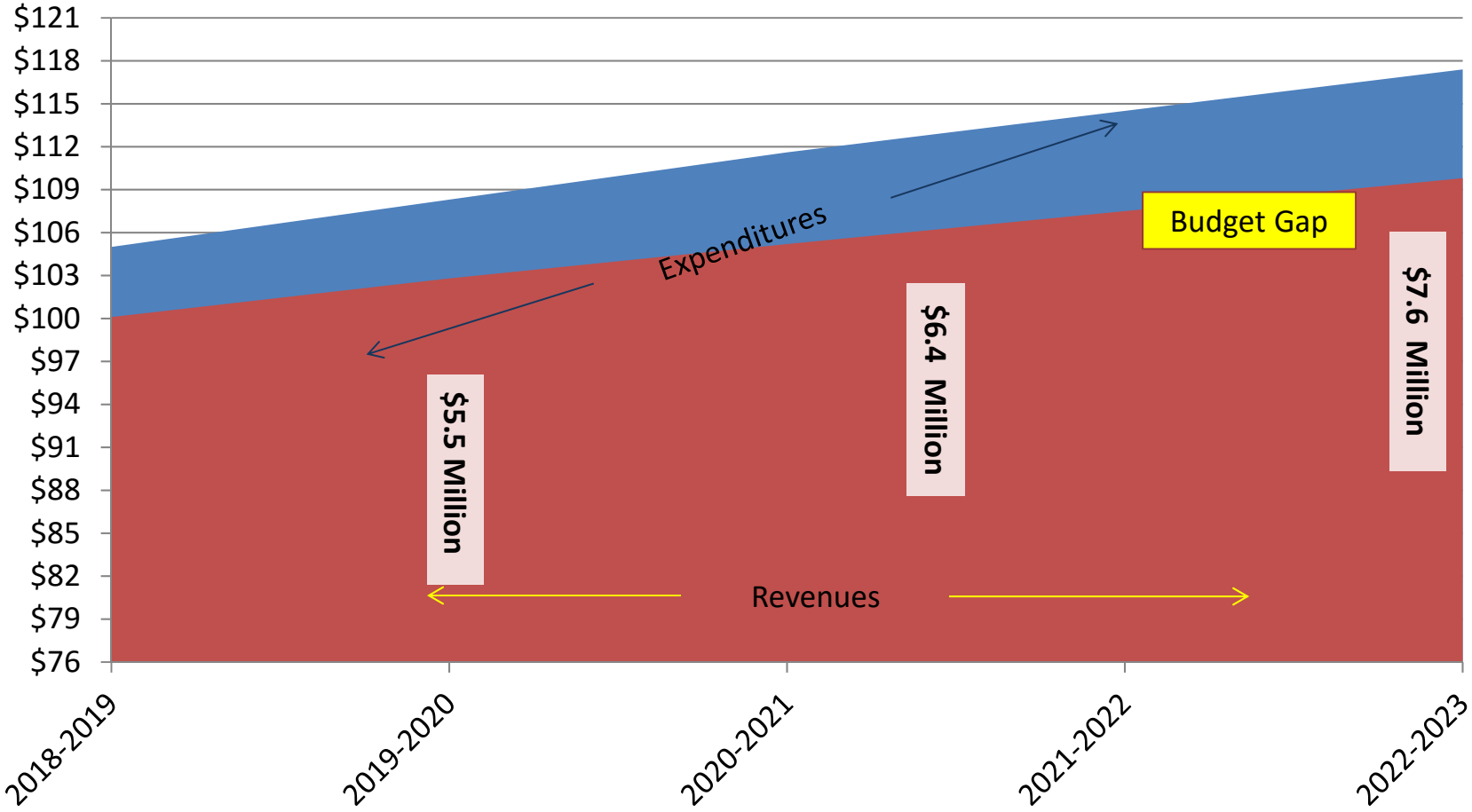
Assumptions:

- Assumes No Tax Increases
- All figures are approximate
- 2.0% payroll increase for 2019/20 and thereafter
- 6% benefit increase(not including PSERs) for 2019/20 and 8% yearly increases thereafter
- PSERS increases at 33% for 2018/2019, and then 35%, 35%, 36% and 36% increases thereafter
- Starting Reserves Balance = \$15,900,000

	2018/19	2019/20	2020/21	2021/22	2022/23
Expenses	105,000,000	108,301,955	111,634,038	114,474,843	117,443,966
Revenue	100,143,729	102,833,075	105,231,843	107,481,190	109,797,297
Shortfall	(4,856,271)	(5,467,980)	(6,402,195)	(6,993,653)	(7,646,668)
Tax increase needed w/o using reserves to close the gap	6%	7%	8%	9%	10%
Revenue after 0.0% tax increase	100,143,729	102,833,075	105,231,843	107,481,190	109,797,297
Reserves needed to close budget gap	(4,856,271)	(5,467,980)	(6,402,195)	(6,993,653)	(7,646,668)
Reserves remaining	11,043,729	5,575,748	(826,447)	(7,820,099)	(15,466,768)

The Budget Gap

Assuming No Tax Increases



A 5-Year Financial Picture

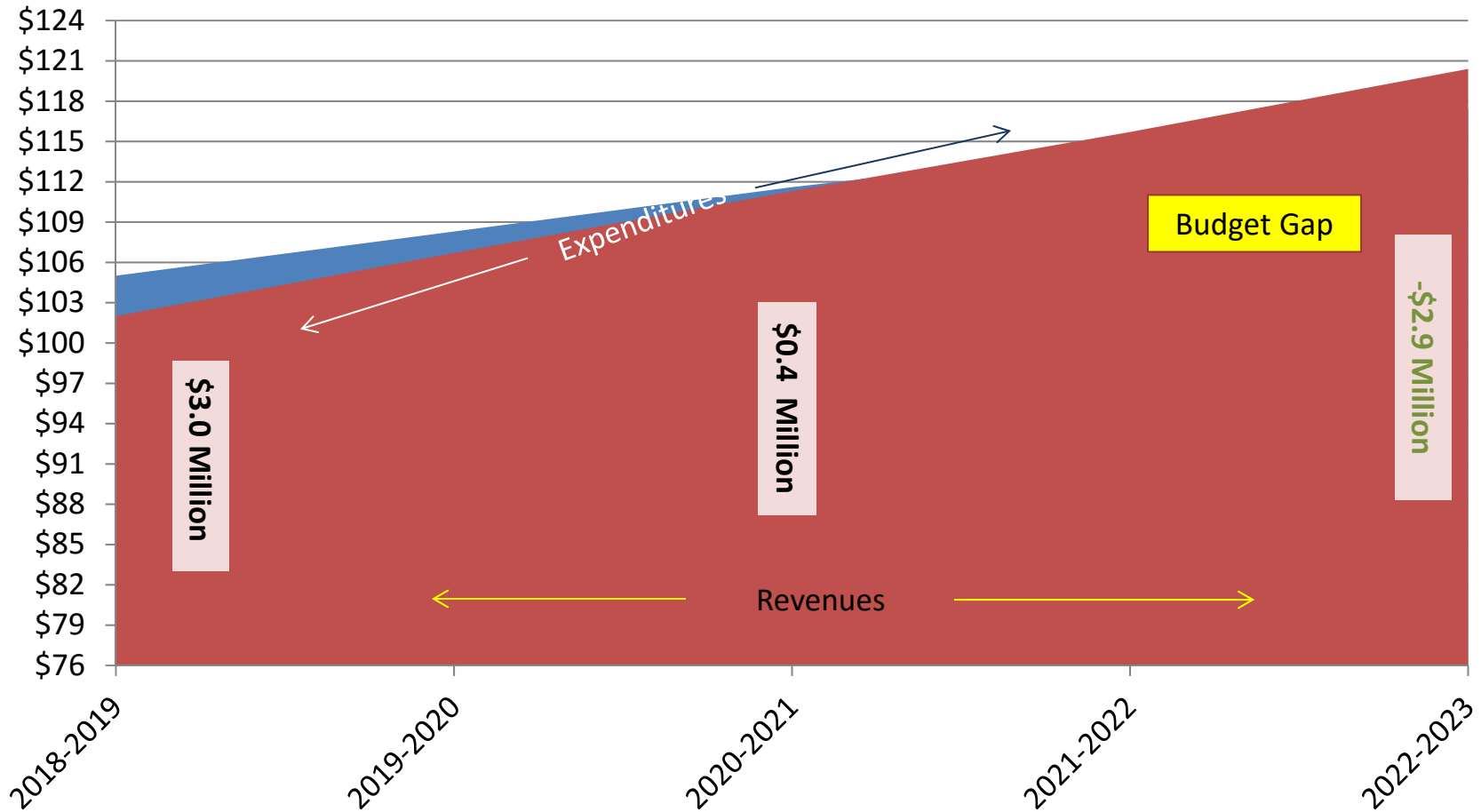
Assumptions:

- Assumes Act 1 Tax Increases (2018/19 - 2.4%, 2019/20 thru 2022/23 – 2.5%)
- All figures are approximate
- 2.0% payroll increase for 2019/20 and thereafter
- 6% benefit increase(not including PSERs) for 2019/20 and 8% yearly increases thereafter
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Revenue after Act 1 tax increase	101,998,729	106,727,975	111,269,843	115,746,190	120,392,297
Reserves needed to close budget gap	(3,001,271)	(1,573,980)	(364,195)	1,271,347	2,948,332
Reserves remaining	12,298,729	10,724,748	10,360,553	11,631,901	14,580,232



The Budget Gap

Assuming Act 1 Index Tax Increases



On the Budget Calendar

2018-2019 Budget Action Dates for the Board

- Jan 22:** Deadline to approve Resolution not to raise taxes over Act 1 Index 
- Feb 12:** ~~Board adopts preliminary budget if opt out Resolution NOT adopted and deadline for approval of any referendum exceptions (Also deadline to approve filing of Referendum Exceptions)~~
- Apr 16:** Board adopts preliminary budget if opt out Resolution is adopted 
- May 14:** Final budget available for inspection (20 days before adoption)
- May 24:** Public notice of intent to adopt final budget (10 days before adoption)
- June 4:** Final budget adoption (must be before June 30)

