Lapeer Community Schools
Budget Managers' Meeting #2 Talking Points
April 27, 2018

- Our local **student count continues to decline**. Innovative practices such as Home School Partnership and expansion of virtual learning opportunities have helped us to offset the student loss attributed to lower birth rates and therefore our decline is slightly better than the projection.

- Legislative proposals impacting how we can **count shared students** in innovative programs could have a negative impact on our funding in the future.

- **Innovative financial practices** related to cash flow-borrowing and investment revenue have generated additional funding for the district and have helped to offset the revenue lost due to decline in student enrollment.

- **House/Senate/Governor Budgets** have been released. All three include an increase in per pupil funding for schools next year between $230-$240 per student. However, given the fact that Fiscal Year 19' is an election year, historical trends would indicate that this increase is likely to be short-term.

- The **expected increase in per pupil funding** will only return districts to slightly higher funding levels that we experienced in 2008-2009. This does not take into account any increase in the cost of living for the last 10 years.

- The state will experience a high turnover of legislators with **mid-term elections**. As a result, we could see a change in funding priorities at the state level.

- Legislative changes in how schools are charged for **MPSERS contributions** may have a significant financial impact increasing expenditures during the 2018-19 school year.

- **State General Fund is NOT balanced**. While there is good news in the short-term budget recommendations, there will be issues in the long-term. Money will likely be taken from the School Aid Budget in the future to assists with the short falls in the state general fund, the question~~s~~ is how much?

- Locally, we have to address a **$250,000 - $800,000 shortfall for next year**. This amount will be significantly higher in the upcoming years. We are currently exploring a number of options in **addressing the short-fall deficit** in the current year, Decisions have not been made at this time. We continue to collect~~ing~~ and review information with various stakeholders including our budget managers group.

- We continue to explore options to assist with long-term financial issues and improved educational practice through the **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.