

# *2019-20 PUBLIC BUDGET / TRUTH-IN-TAXATION HEARING*

## Holland Public Schools

### *Wrapping Up the 2019-20 School Year*

- Updating the current year budget
  - A factor that sheds light on the upcoming year
- Changes from January amendment reflective of early closure due to COVID-19, mold remediation, and special education funding changes
  - Continued structural deficit
  - No per-pupil proration included as no notice of such received from MDE
- Projected fund balance percentage remains above 5.00%, avoiding potential for additional MDE oversight

June, 2020

## *2019-20 General Fund Budget Update*

	Current Budget	Proposed Amendment
Revenues	44,480,400	43,670,000
Expenditures	44,364,600	43,772,600
Excess Revenues (Expenditures)	115,800	(102,600)
Actual 7/1/19 Fund Balance	2,373,342	2,373,342
Projected 6/30/20 Fund Balance	2,489,142	2,270,742
Fund Balance Percentage	5.61%	5.19%

June, 2020

## *2020-21 Revenue Assumptions*

- Blended enrollment of 3298 student FTE, 133 less than the current year
  - Based on Stanfred projections
- Foundation allowance **decrease** of \$685/pupil
  - Based on 4/30/20 memo from various educational associations and MDE
- Categorical/grant funding based on best information available
  - Includes carryover estimates based on 2019-20 spending projections

June, 2020

### *2020-21 Revenue Assumptions - continued*

- CARES Act funding estimated at \$500,000
- County special education funding based on current funding formula
- Enhancement millage funding estimated at \$820,000 – year 2 of 10
- Indirect cost subsidies as follows:
  - Food Service - \$125,000
  - Property Sale Fund 48 - \$1,425,000

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June, 2020

### *Revenues – a wary eye to the future*

Due to the pandemic, both the School Aid Fund (SAF) and the State's General Fund (GF) are projecting significant revenue shortfalls. Based on current information, State lawmakers and economists are predicting that the funding crisis will likely last through the 2021-22 school year. Additional assistance from the federal government has been discussed in Washington, but no formal bill has been introduced to the legislature as of this time.

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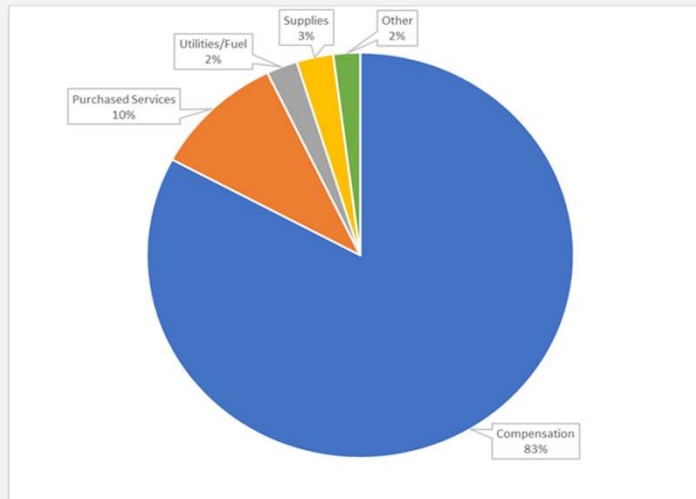
June, 2020

### Fall Enrollment Projections

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	Actual	Projected	Projected	Projected	Projected	Projected
StanFred Consultants	3,418	3,284	3,176	3,065	2,969	2,893
Year-to-year change		-134	-108	-111	-96	-76
StanFred by building level:						
K - 5	1,325	1,288	1,272	1,254	1,225	1,215
6 - 8	659	632	574	539	525	500
9 - 12	1,036	971	942	889	841	805
Self-contained SpecEd/AltEd/Shared Time	398	393	388	383	378	373
<b>Total Enrollment</b>	<b>3,418</b>	<b>3,284</b>	<b>3,176</b>	<b>3,065</b>	<b>2,969</b>	<b>2,893</b>

June, 2020

### General Fund Spending Breakdown



June, 2020

### *2020-21 Expenditure Assumptions*

- Position eliminations, restructuring of program options and wage adjustments to address current and future enrollment declines, the anticipated funding cut from the State, and the ongoing structural deficit
- Employer retirement contribution rate of 28.21% effective October 2020
- Health insurance hard cap increase of 3.3% effective January 2020
- Renegotiation of certain vendor contracts

June, 2020

### *2020-21 General Fund Proposed Budget*

	2019-20 Final Amended Budget	Proposed 2020-21 Budget
Revenues	43,670,000	42,255,800
Expenditures	43,772,600	42,773,100
Excess Revenues (Expenditures)	(102,600)	(517,300)
Projected Beginning Fund Balance	2,373,342	2,270,742
Projected Ending Fund Balance	2,270,742	1,753,442
Fund Balance Percentage	5.19%	4.10%

*The State has indicated that fund balances can drop below 5% for upcoming year.*

June, 2020

## *State Funding Reductions and Cash Flow*

As funding reductions are anticipated, projections indicate no need for cash flow borrowing should the following assumptions be met:

- Summer local tax collections occur on normal timeline
- State aid payments received according to traditional 11-month schedule
- Per pupil funding reduction and student enrollment within budgeted levels

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June, 2020

## *2020 Proposed Operating Tax Levy*

Voters approved an 18-mill levy for operations in May 2017. As a result of rising property taxable values, a Headlee millage reduction has been applied in accordance with the State's constitution. As such, Holland Public Schools will be levying 17.2928 mills on non-homestead properties for the upcoming year, resulting in roughly \$425,000 in lost revenues. With the May 2020 election being delayed, the District will ask voters to renew the levy and restore the lost millage, via a Headlee override, on the August 4 ballot.

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June, 2020

## August 4 Ballot Question

**VOTE AUG. 4 | REQUEST YOUR ABSENTEE/MAIL-IN BALLOT BY JULY 20.**

**Dear Holland Public Schools Voter,**

Like a lot of other things in the Holland-area over the last few months, our May school election was cancelled to help flatten the curve and prevent the spread of Covid-19. Our new school election day is **Tuesday, August 4**. This election is important to the financial health of our school district and the Holland community. All public school districts in Michigan are required to levy a non-homestead millage. This levy is capped by law at 18-mills. In Holland, this revenue represents 30% of our operating budget. However, over the past two years, the amount levied in Holland has fallen below the voter-approved 18-mills.

This is due to a *Headline Rollback\** which automatically lowers millage rates when property values in a district increase faster than the rate of inflation. HPS is seeking to restore the amount collected this summer to the 18-mills voters overwhelmingly approved in the past, and to offset these rollbacks through 2022 as necessary.

**By statute, at no time would Holland Public Schools levy more than 18-mills for operating purposes.**

By providing HPS with the flexibility to restore the millage rate to 18-mills through 2022 as necessary, you will help us **protect the current level of funding** for the district. This is how we pay employees, keep our buildings warm, and run programs.

- This funding protection will **only** take effect if property values in the district increase enough to trigger a rollback from the state.
- This request **only** applies to business, commercial, second home and similar properties. It does **not** apply to your primary residence.
- This is **not** a tax increase over the previously approved 18-mill request.

Everyone at HPS is determined to continue to provide educational excellence to the children and families in our community. **Maintaining current levels of funding is critical to making this happen.** Thank you for your consideration.

  
Dr. Brian Davis, Superintendent

\*For a more detailed explanation of the Headline Amendment's impact on school funding in Michigan, please visit our website: [www.hollandpublicschools.org/news](http://www.hollandpublicschools.org/news)

**A request from your  
Holland Public Schools  
Board of Education:**  
Phil Meyer | President  
Liz Colburn | Vice President  
Linda Falstad | Secretary  
Diane Ybarra | Treasurer  
Tim Marroquin | Trustee  
Mike McKay | Trustee  
Mark Woltman | Trustee

June, 2020

## 2020 Proposed Debt Tax Levy

When bonds are approved, voters agree to tax themselves enough to repay the debt over a prescribed number of years.

In order to meet the principal and interest obligation on voter-approved bonds, the District will levy 4.98 mills for the upcoming year, a reduction of 1.02 mills from the previous year.

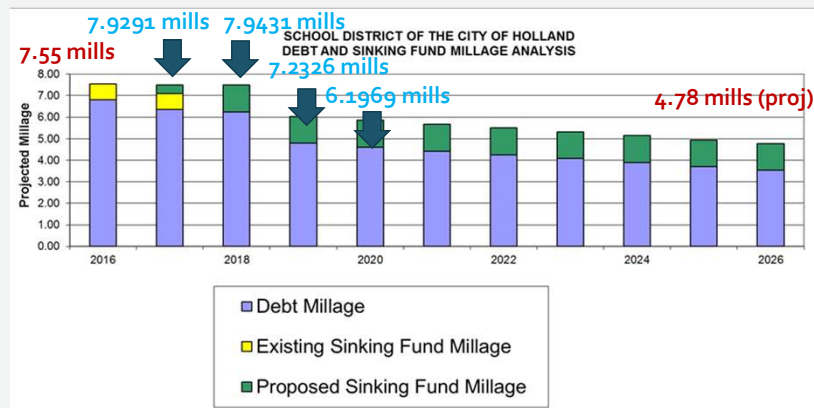
June, 2020

## 2020 Proposed Sinking Fund Tax Levy

Voters approved an 1.25-mill levy for a sinking fund in May 2017 to provide resources for capital needs and improvements, safety and security enhancements, and instructional technology. As a result of rising property taxable values, a Headlee millage reduction has been applied in accordance with the State's constitution. As such, Holland Public Schools will be levying 1.2169 mills on all properties for the upcoming year, resulting in roughly \$48,000 in lost revenues.

June, 2020

## Anticipated Debt/Sinking Fund Tax Levies



June, 2020



## *2020-21 Special Revenue Fund Proposed Budget (Food Service, Student Activity)*

	2019-20 Final Amended Budget	Proposed 2020-21 Budget
Revenues	2,433,000	2,465,000
Expenditures	2,726,200	2,465,000
Excess Revenues (Expenditures)	(293,200)	-0-
Projected Beginning Fund Balance	1,182,241	889,041
Projected Ending Fund Balance	889,041	889,041
Fund Balance Percentage	32.61%	36.07%

June, 2020

## *Next Steps*

At its regular meeting tonight, the Board will take action on:

- 2020-21 Budget Resolution (General Fund and Special Revenue Fund)
- 2020 Operating Tax Levy
- 2020 Debt Tax Levy
- 2020 Sinking Fund Tax Levy

*This presentation will be available on the District's website beginning June 22*

June, 2020